



INDEPENDENT

35p

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2.836

MONDAY 20 NOVEMBER 1995

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GRIFFITH 500**

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DIANARAMA

Off with her talking head! page 20
Key players in the saga, page 3

CHILDREN OF WAR APPEAL

How to help the
youngsters of
Sarajevo, page 7

Revealed: Minister's call to sell arms to Iraq just before war

EXCLUSIVE

CHRIS BLACKHURST
and PAUL VALLEY

A confidential Cabinet document, which goes to the heart of the Arms-to-Iraq affair, reveals that only weeks before the invasion of Kuwait, senior ministers considered lifting the arms embargo on Saddam Hussein's government.

The letter, to the then prime minister, Margaret Thatcher, from Nicholas Ridley, her Secretary of State for Trade and Industry, is part of the mountain of evidence presented to Sir Richard's Scott's arms inquiry. It shows that ministers were embroiled in Cabinet infighting over the policy.

It also reveals how senior ministers were aware of the independent investigation by Customs and Excise officers into breaches of the embargo by British firms – and feared that if it went ahead, it could seriously damage relations with Iraq.

John Major, then Chancellor, also received a personal copy of the Ridley letter, which was sent to senior Cabinet Ministers less than six weeks before Iraq invaded Kuwait.

News of the existence of the confidential four-page document is certain to increase pressure for the swift publication of the Scott inquiry into Britain's arms trade with Saddam's regime. Sir Richard's latest estimate is that his report will be published in January.

Paddy Ashdown, the Liberal Democrat leader, wrote to Mr Major soon after the Scott inquiry was established in late 1992, citing the Ridley memorandum and asking whether Mr Major had lied when he had said earlier that the Government's guidelines had been observed. Mr Major replied that it was up to the Scott inquiry to establish whether the system of guidelines had "operated as it



Ridley: Concerned at implications of Iraq arms embargo for British industry



Thatcher: Knew about the rift between Foreign Office and Department of Trade



Scott: Letter was among evidence for his inquiry into breaches of arms rules

should have done and the right decision taken".

The letter discloses that:

■ A rift had developed between the Foreign Office, which wanted to maintain an embargo not just on arms but also on machine tools, which could be adapted for use in the manufacture of arms, and the DTI, which feared that the machine tool ban would wreck British trade relations with Iraq.

■ Saddam's son-in-law had just told the British Ambassador that the UK was interfering with civil trade and encouraging other countries to follow suit. This

apparently confirmed Saddam's impression that Britain was applying an embargo going well beyond arms. Mr Ridley feared that Iraq was about to cut all business links.

■ Iraq had two months earlier suspended payments on £1bn it owed Britain and was already £140 million in arrears.

■ The DTI feared it might now default on the entire amount, which said Mr Ridley, would have serious consequences – not just for the Government's Export Credit Guarantee Department (ECGD) but for public sector borrowing.

■ Ministers were aware of a Customs and Excise probe into one British firm which had supplied machine tools to Iraq. Matrix Churchill, Ministers feared that the Customs investigation would worsen relations which were already strained.

■ Many of the machine tools which the Foreign Office wanted to ban were widely available on the international market. Britain had even agreed at this point to supply them to Eastern European regimes and the Soviet Union. Mr Ridley feared

that the equipment would be sold to Iraq by other countries with a less rigid interpretation of the embargo and as a consequence, British firms would lose out.

Lady Thatcher said in her evidence to the Scott inquiry, that she knew nothing of the details of how the arms embargo worked. Only the big things came to her. "Most of the documents before me [at the inquiry] I have never seen. I was concerned with the big issues," she said. "If I had seen every

copy of every minute when I was in government, I would have been in a snowstorm."

If she knew nothing of the detail, the Ridley letter now shows she certainly was privy to the policy disagreement between the Foreign Office and the Department of Trade.

It also reveals that copies of the letter were sent to "members of OD" – the Cabinet Overseas and Defence Committee of which Mr Major was at the time a member in his capacity as Chancellor.

Mr Major told Lord Justice Scott that he had not seen a se-

ries of Cabinet documents discussing defence sales to Iraq – which included references to the Customs investigation into Matrix Churchill – days before Iraqi tanks moved into Kuwait.

Mr Major said he was not shown the documents because he did not attend the meeting to discuss trade with Iraq.

Nevertheless, Mr Major was aware of the Matrix Churchill investigation and referred to it in his letter to Mr Ashdown. A copy of Mr Ridley's letter to Mrs Thatcher was sent to all OD members – including Mr Major.

When the letter was written – on the same day that Customs and Excise investigators interviewed managers at Matrix Churchill – the British security services were unaware of Iraq's hostile intentions towards Kuwait.

There was, however, considerable public anxiety about the conduct of the Iraqi leader. A ceasefire had been agreed in the Iran-Iraq war two years before, but a year after that, Saddam had outraged the world by gassing his own citizens, in the northern Kurdish region.

Only three months before the letter was written, the *Observer* journalist, Farzad Bazoft, whom the Iraqis accused of spying, had been executed. Bazoft's travelling companion, nurse Daphne Parish, was still imprisoned, and British businessman Ian Richter had been in an Iraqi jail for five years – all of which had caused considerable public indignation in Britain.

Despite all this, Mr Ridley, who died in March 1993, concluded by calling for the entire policy of maintaining an arms embargo to be reviewed. "I see a strong case for a more thorough review of our policy in this area which would take into account the policy and political arguments in favour of export controls, the commercial consequences for British industry and the financial risks for ECGD of continuing friction in our relations with Iraq," the letter concluded.

Last night Mr Ashdown said: "I have always been concerned about this letter because it goes to the heart of the issue and highlights the extent of Government disarray on the policy. The Prime Minister did not answer my questions at the time and has never answered them. It is vital that Sir Richard Scott produces his report as quickly as possible so that we can finally get to the bottom of this scandal".

Railtrack 'holding back £1bn for sell-off'

CHRIS BLACKHURST
and DONALD MACINTYRE

More than £1bn that could be spent immediately on improving the condition of Britain's cash-starved railways has been set aside to boost the balance sheet of Railtrack, the owner of the rail network, as it nears privatisation.

Labour last night called on the Stock Exchange to investigate the accounts of Railtrack before a prospectus is issued to investors. Brian Wilson, the party's transport spokesman, has written to Michael Lawrence, the Stock Exchange's chief executive, asking him "to ensure a full analysis of Railtrack's accounts before the release of any prospectus to potential investors is authorised".

In November last year, the Government announced that Railtrack would be privatised in the lifetime of this Parliament. The timetable may be slipping, however, and could be pushed back from the spring, when the company was originally due to be sold. Analysis of Railtrack's accounts reveals four items which when added together produce a total of £1.14bn which bolsters the long-term financial position.

Two independent experts on railway finances have confirmed the money could be used now to refurbish track, signalling, bridges, tunnels and stations.

Professor Bill Bradshaw, of Wolfson College, Oxford and the former director of operations at British Rail, said: "My concern is that Railtrack is not

spending sufficient money to maintain the rail infrastructure and properties. I am disturbed that money I would expect to be used on renewing track, signals and structures has not been spent but has been squirrelled away in the balance sheet. I am very anxious that all the money is spent and is used to bring the railways up to scratch."

Richard Hope, special adviser to the Commons Transport Select Committee, said it was "scandalous that money could be invested now and is not".

Railtrack inherited British Rail's track, signalling equipment, stations and trackside buildings in April last year. In its first financial year, up to April, it made an £805m operating profit on turnover of £2.75bn, largely from charging

the rail operators for using Britain's track and stations. But included in costs of almost £2bn, deducted from turnover, were four items which could benefit its future owners.

In the 1994-95 accounts, £450m is set aside for "property maintenance back-log accrual". Yet, of that sum, only £18m is forecast to be spent in 1995-96.

£403m of loans are shown as having been repaid in the past financial year. The money could have been used to tackle the refurbishment backlog.

£483m is earmarked for a 10-year "asset maintenance plan". Of that sum, £33m was spent in 1994-95, leaving £150m for future years – despite the need for it all to be used now.

£156m has been deducted to

cover a fall in value of fixed assets and provision for future environmental liabilities.

Mr Wilson accused Railtrack of putting money on one side to guarantee profits after privatisation. "I believe that this amounts to a systematic attempt to create an artificial level of profitability for Railtrack in the period immediately following privatisation. As far as the taxpayer is concerned, it really is a billion pound sting."

However, Richard Attenborough, Railtrack's director of privatisation, said the £1bn was "to do with setting up the balance sheet of the company so it can meet its commitments in the future. In preparing for privatisation we have identified the sort of obligations we are going to have".

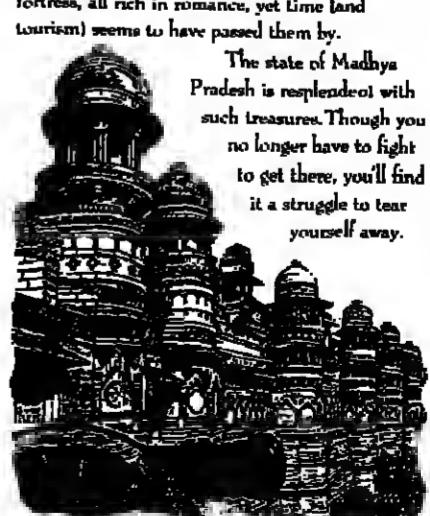
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The short drive to Shivpuri sees a complete change of pace. Surrounded by the leafy Madhav National Park, this old summer capital of exquisite palaces and cool lakes charmed the warriors of the past to lay their weapons aside and relax.

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IN BRIEF

Bosnia peace near
Opposing sides in the Bosnian
war were on the brink of a peace
deal last night. Page 7

Drug warning
The explosion of drug use
among young people in Britain
is still only in its "expansionary
phase". Page 2

Boardroom battle
Cable & Wireless could lose its
chief executive in a boardroom
showdown. Page 32

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Geneticists lay claim to 'God's creature'

TOM WILKIE
Science Editor



die of cancer. Harvard wants exclusive rights to profit from its technology by marketing the animals for medical research, and will put its case to officials of the patent office in a hearing

expected to last three days. What the university is doing "is more than playing God," according to the Rev Andrew Linsey, of Mansfield College, Oxford. "Being God means be-

ing the originator, the owner of what is created," Professor Linsey said, and patenting, which confers intellectual rights, "upsurps the prerogative of God" when applied to a living animal.

Malcolm Eames, of the UK Genetics Forum, warned the patent could open the way to yet more intensive factory farming with genetically engineered chickens, cows and sheep. "We regard attempts to patent animals and plants as immoral and contrary to Article 53a of the European Patent Convention [prohibiting those whose exploitation would be contrary to morality or public order]."

Of mice and men, Section Two

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section
ONE

IN 20/11/95

an INDEPENDENT week

It will be dry until Wednesday, then frost, with rain in the North-east and the South-west on Tuesday. Whatever, here's an eclectic look at what you could possibly do, see, or buy this week ...

SO Break from the GARDEN and visit the Royal Horticultural Society at Vincent Square, London SW1 (0171 828 1744), where nursery workers prove November can be as full of delight as June.

OR Try the BBC Cooking & Kitchen Show at the NEC in Birmingham (Wed-Sun). GOURMET tips from Raymond Blanc and Gary Rhodes, wine and cheese tastings and foodie demonstrations.

OR read Faye Dunaway's life STORY, looking for Gerdy Harper Collins £12.99. Apparently, her life has been a search for a father-figure since her own left home when she was a girl. Hence the many passionate liaisons.

OR SHOP... after the Barbour for dogs. Burtt's (0171 930 3343), the wet and check people, having introduced sleeping bags for the BABY. Two little earholes and zip up the front - £42.50.

Prepare to be shaken by Pierce, stirred by Canvey Island and shocked by Jean-Paul

FLOAT ID: France and back for under £2. The travel agency Côte Places, which has 700 branches, is selling round trips to Galles, Dordogne, and Charente for just £100 between now and the end of the year.

They can't work it out
The Irish go to the polls on Friday for their referendum on divorce, which has been banned since the 1930s. Not new Pre-Christian Breton Laws allowed women to dump unsatisfactory husbands, paying them alimony in cattle. Catholic clergy, using more stick than carrot, are warning that divorced people who remarry won't receive sacraments. Their threats might just push voters into the reform camp.

They can hype it up

You'll be sick of the hype by now, but that won't stop you buying *The Beatles Anthology* (Parlophone CD: £19.99, Tape: £12.99) a collection of out-takes and rarities which includes *Free As A Bird*, magically featuring the voice of John Lennon combined with the music of McCartney, Harrison and Starr. The musical talking-point, if not the album, of the year.

They can talk it up

Who has shone in the Commons this past year? However poor the choice, someone has to be honoured at the Spectator's Parliamentarian of the Year bash at the Savoy. Could it be Alan Howarth, whose defection from Tory to Labour means he is the only member to have spoken from both sides of the House? Or maybe John Redwood, who gave up a Cabinet seat for the backbenches in order to challenge for the Tory leadership.

TODAY

Orange alert
MPs alarmed that it took police officers almost half an hour to reach College Green, Westminster, after the Tory party chairman, Brian Mawhinney, was spattered with orange paint last week, will have an opportunity to take it out on Sir Paul Condon, the Metropolitan Police Commissioner, when he appears before the Commons Public Accounts Committee. The subject? Responding to Emergencies.

Dancing cheers

Rudolf Nureyev's costume of maroon velvet, which he wore for the role of Prince Florimond in *The Sleeping Beauty*, is to be auctioned at Christie's, which is selling the contents of 23, Quai Voltaire, his principal Parisian home. It could be yours for anywhere between £5,000 and £8,000 (Christie's, 8 King Street, London SW1, 0171 839 9060).

Deadly legacy

Chernobyl 10 years on ... the World Health Organisation (WHO) is to host a four-day conference in Geneva, Switzerland, on the consequences of the nuclear catastrophe. Dr John Harrison, of the National Radiological Protection Board, says that it is too early to tell what the long-term effects will be, and that more money and support needs to be given to hospitals and field research, especially in the area of thyroid diseases.

TOMORROW

Top Grade
Michael Grade presents the 1995 Royal Television Society Design Awards. Nominations include Rory Bremner, Bramwell, Carol's Arrest and the BBC channel ident. Martin Chizewell is nominated for two awards, Production Design and Make up – particularly those amazing hair fashions inspired by the original Fiz drawings.

Cup runs

An romance of the Cup. All eyes – those with a tendency to mist anyway – will be turned towards the likes of Farnborough, Wigan, Woking, Altrincham and Ashford tonight and tomorrow as non-league football clubs whose greatest ambition is to be labelled minnows try to get through their FA Cup first round replays. Reserve your biggest cheers for Carvey Island at Brighton.

Speaking out

On the eve of its captivating adaptation of *The Wind in the Willows* (Old Vic, London, from Sat), Living National Treasure, Alan Bennett, reads from his witty best-seller *Writing Home* which deserved to be sold by the tonload and continues to do so. (Oliver National Theatre, 6pm, 0171 928 2252).

WEDNESDAY 22

Going for a bird song
Paintings by Charles Tunnicliffe, who painted Christmas cards and magazine covers for the RSPB, are to be auctioned by Sotheby's. (2pm, Contact: 0171 493 8080). £150,000 could be raised. Julian Pettifer, RSPB president, said: "Tunnicliffe would have approved."

All's honorarium

Harrods boss Mohammed Al-Fayed and his wife become honorary members of Emmanuel College, Cambridge. Some can literally "buy" themselves a membership. The college wouldn't share the secret of the Fayed's advancement. There is a room in the college's Queen's building called The Harrods Room.

An eye on Bond

Bond is back with Goldeneye. Will the Bond Bimbo survive? An Ursula Andress clone undulating in a skimpy bikini may never be seen again, thanks to the transformation of stars Famke Janssen and Isabella Scorupco from sex slaves to elegant 90s women.

THURSDAY 23

Trash bash
Last year he tried to steal the show by turning up in a mini-skirt and PVC stiletto heels. Jean-Paul Gaultier, presenter of C4's Eurotrash, is hosting the MTV Europe Music Awards. Nominees include Björk, Madonna, Michael Jackson, Lenny Kravitz, Neil Young, Bon Jovi, the Rolling Stones, Dog Eat Dog ... almost everyone, actually. If your favourite isn't among that lot, they are bound to be among the presenters. Don't worry, Kylie will be scampering up and down artificial cliffs in the National Indoor Arena.

Take one

Christie's is holding an auction of hardware to commemorate 100 years of cinema. Star turn is the stereoscope, a 35mm walnut-body projection mechanism with hand-crane brass top-plate. Made in France, it is "a zoetrope camera applicable also for optical projection". It could go for £2,500. (Christie's, Old Brompton Road, London, 2pm, 0171 581 7611).

Yes, her again

Britain's most successful PR person takes a jaunt to the land of Fay Bentis and the Falklands. New panoramas for her to view. New PR stunts to pull.

FRIDAY 24

Psycho soccer
The Scottish branch of the British Psychological Society begins its annual conference in Crieff, Perthshire. The theme: Addiction – Sick individuals or a sick society? The speakers will cover all aspects of dependency, such as student cheating, slot machines, alcoholism and drug use. Other fixtures: Footballers in Scotland – does psychological stress make them sick? Something for Gaza here?

Cliff tops

Birmingham is, of course, a thoroughly worthy place, but a more unlikely setting for a round of the World Climbing Cup is hard to imagine. Still, for three days – the finals are on Sunday – some 180 climbers from 20 countries will be scampering up and down artificial cliffs in the National Indoor Arena.

Try Freedom

Last year M People's album *Elegant Slumming* won the Mercury Music Prize, piping flounce of the year. But to the post. Blur's upcoming *Arena* tour, which starts today, is sold out. M People isn't. So what? There can be many other British bands who are effectively putting Madonna's mantra – Only When I'm Dancing Can I Feel This Free – into glorious practice. (Albert Hall, London, until Sun).

THE WEEKEND 25 / 26

Whodrunkit?

The Scottish branch of the British Psychological Society begins its annual conference in Crieff, Perthshire. The theme: Addiction – Sick individuals or a sick society? The speakers will cover all aspects of dependency, such as student cheating, slot machines, alcoholism and drug use. Other fixtures: Footballers in Scotland – does psychological stress make them sick? Something for Gaza here?

Internosh

Buy your food on the Internet with the Food and Drink Index. It aims to provide info on everything from livestock prices to chocolate cake at Sainsbury's. Phone: 0345 220000.

Better safe ...

The Big Snog is a one-off show on the eve of AIDS Awareness Week. Steve Coogan, Eddie Izzard and Sugars are among those taking part. A highlight of the evening will be a safer-sex quiz unambiguously entitled *A Question of Spur*. (Tickets: Astoria, 0171 434 0403. Screened Channel 4, Saturday, 10.45).

Vigil protest

Thousands of women will be demonstrating and holding vigils as part of World Protest Against Violence Towards Women Day, which has been held annually since 1981 to commemorate the murder of the Mirabal sisters, who were active in opposition to the Dominican dictator, Trujillo. Womankind Worldwide: 0181 563 6507.

IN

PIERCE BROSNAN: Is he man enough to be Bond? **MICHAEL ANTONIONI**: In town and talking about film **PLUS**: Garth Brooks, Rob Reiner.

WIN

£35,000 TVR Griffith 500. See Page 5 for token one.

AST

RESEARCH: Ben Summerson, Roger Hollands

Last week's winner Mr and Mrs John Barlow who, after six years of torment at the hands of neighbours who bombarded them with rotten fruit, chicken carcasses and insults, won a court case to have them bound over.

EDITED BY RICHARD HOLLEDGE • FAX 0171 293 2051

Burden of weapons export rules weighed heavily on Government



Nicholas Ridley wrote to Margaret Thatcher on 21 June 1990, worried that operating the UN arms embargo against Iraq and Iran was endangering British exports. In the four-page confidential note, also sent to other senior ministers and reprinted here, he expressed concern about the effect on Government finances and a deterioration in already poor relations with Iraq.

Report by Chris Blackhurst and Paul Valley



understand that the Foreign Office are not willing to agree to renewal of the licences on the grounds that the goods might be used for munitions manufacture, notwithstanding that the companies concerned have valid contracts and that comparable equipment is widely available internationally.

The intention to apply a unilateral embargo to such exports to Iraq (and to Libya, Syria and Iran), is arguably consistent with the guidelines agreed in 1985, but may be difficult to justify to industry given the imminent removal of controls, agreed with COCOM partners, on exports of such goods to Eastern Europe and the USSR.

I see a strong case for a more thorough review of our policy in this area which would take into account the policy and political arguments in favour of export controls, the commercial consequences for British industry and the financial risks for ECGD of continuing friction in our relations with Iraq.

We need to reconsider the rationale of the guidelines for defence sales to Iraq (and Iran) in the light of evidence of moves on each side towards peace negotiations and in the light of increasing use for the same purposes by clubbers but they can cause heart, lung and liver problems. Many steroid-users are unaware of the health problems associated with their use.

Cannabis is also common among the young, with many starting to smoke or eat the drug in their early teens. LSD and ec-

around 60 per cent of Iraqi industrial procurement, announced that trade with the UK was under review. The Machine Tool Trades Association and other UK exporters have made representations to DTI that the Iraqi review amounts to an embargo on new business with the UK which will have serious consequences for some.

I wrote to the Iraqi minister to assure him of our wish for normal commercial relations with Iraq and that while our policy on supply of defence equipment remains in force, we have no intention of interfering with normal civil trade.

Our Ambassador delivered my letter at a call on the Iraqi minister last week. The Iraqi minister's response was not reassuring. He insisted that the UK was interfering with civil trade and encouraging other countries to do likewise. The minister is the President's son-in-law and a member of the inner circle of the regime.

I can see no prospect of any improvement in the position while investigations into possible breaches of export controls continue. On the contrary, I see a considerable risk of further deterioration from which only our competitors can benefit since we have no evidence that they take as restrictive a view as we do on trade with Iraq.

A Customs and Excise investigation involving Matrix Churchill is likely to be reported to Baghdad and to confirm the regime's impression that we are applying an embargo going well beyond defence supplies. This could provoke further reprisals against our exports and also perhaps a general default on repayments of credit.

ECGD's exposure in Iraq is £1bn ... ECGD have meanwhile suspended the approval of new contracts under existing lines of credit until the Iraqis reduce their ECGD guaranteed arrears, which currently stand at £14 million. While Iraq has hitherto treated the UK as a preferred creditor, the present high level of arrears reflects the cessation of payments during the last two months or so which was evidently linked with the current political coolness.

The Iraqis have promised to remit £30m over the next few days, which may be a sign that, barring future upsets, commercial relations are gradually improving. We must hope so.

Consequences of a systematic Iraqi default would clearly be extremely serious for ECGD and would have implications for the PSBR.

More generally, certain ap-

plications for a renewal of li-

cences for export of machine tools to Iraq are outstanding. I

Drug-taking on the increase, charity warns

DANNY PENMAN

Drug-taking among young people in Britain is still only in its "expansionary phase" and is likely to become more common in the future, according to a substance abuse charity which released a survey yesterday.

Turning Point, a drink, drug and mental health charity, found in a survey of substance abusers using its services that over two-thirds of its clients are under 30 years old. The data, collected over one year from a cross-section of its 27,000 clients, also revealed that 37 per cent of drug-takers were between 18 and 24 and a tenth were under 18.

A spokesman for Turning Point said that drug-taking has become the norm for many young people. "They regard these things as fun and they do not see anything wrong with it and they know nothing of the health hazards involved."

Steroid use is one of the main growth areas of drug taking among the young. These drugs, which in the past were used mainly by body builders to gain weight and strength, are increasingly used for the same purposes by clubbers but they can cause heart, lung and liver problems. Many steroid-users are unaware of the health problems associated with their use.

Cannabis is also common among the young, with many starting to smoke or eat the drug in their early teens. LSD and ec-

stasy are also common. Turning Point says the use of these drugs can be summed up as "more and earlier" and gives "grave cause for concern".

Of those questioned in the survey, 32 per cent cited heroin as the main reason for seeking help from the charity, but the figure was 40 per cent for younger people. Nearly 16 per cent took amphetamines, 11 per cent smoked cannabis and nearly 6 per cent took steroids.

Earlier in the year, the Institute for the Study of Drug Dependency found that three-quarters of schoolchildren had been offered drugs and nearly 40 per cent had experimented before they were 20.

Turning Point says: "For about one-third of people taking drugs is just a phase, for another third it's just dabbling from time to time, but for another third of people it's a big problem. They can't get their lives back into order and they can become permanently damaged."

Detectives investigating the death of the Essex teenager Leah Betts have arrested four people and seized 900 tablets. They raided a cafe in Brentwood on Saturday night after a tip-off resulting from appeals for information about drug suppliers. Leah died last week after taking an ecstasy tablet at her 18th birthday party. Police said, however, that the arrests were not directly linked and they were still hunting the person who sold Leah the ecstasy that killed her.



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Money wrangle over Princess and the Beeb

JAMES CUSICK and MARIANNE MACDONALD

The Princess of Wales and the BBC could be heading for an embarrassing legal wrangle over the earnings from tonight's royal television interview.

BBC sources insisted yesterday that the Princess and the corporation had not agreed a deal over the worldwide rights to the interview which is likely to generate upwards of £2m.

It is understood that the Princess expects a high proportion thought to be as much as 75 per cent - of earnings from the interview to go to charities of her choice.

In addition to earnings from a BBC video of the interview, which could be a best seller if it hits retail shelves before Christmas, there are also high earnings likely to accrue from international syndication rights sold to other television stations around the world.

One copyright barrister told *The Independent* last night: "If all of this was not legally fixed before the interview took place, then both parties are looking at a mess."

Last year the Prince of Wales's interview with Jonathan Dimbleby included a deal that saw a large slice of its earnings going to the Prince's favourite charities. Diana, according to close friends, clearly expects the same business deal.

As Sunday's newspapers provided *Panorama* with saturation publicity and speculation over the programme's contents and impact, the BBC spent the weekend issuing denials about

the precise content of the 60-minute interview with reporter Martin Bashir.

A BBC source also revealed that during the production and editing of the interview, the edit suites used by the programme makers had been debugged in a bid to prevent leaks of the Princess's comments.

The debugging was carried out at the BBC's White City studios in west London at the end of last week, as news of Diana's first solo public interview generated international interest in its possible content. The anticipated audience worldwide for the interview is now put at 200 million people.

Despite the insistence of Tony Hall, the BBC's head of news and current affairs, that only eight people have seen the interview - five senior executives, including the director general John Birt, and three of the *Panorama* team - leaks of what Prince Charles' estranged wife has said on camera, and even off-camera, were splashed across every national newspaper.

The Princess is reported to have said, during the interview which was recorded on Guy Fawkes' night, that she does not want a divorce, is not seeking to destroy the Royal Family, and is not angry about the Prince's admission of adultery with Camilla Parker Bowles, revealed in the television interview with Jonathan Dimbleby last year.

She is said to have denied she is seeking to destroy the monarchy. "Why should I wish to destroy my children's future?"

role and her relationship with the British people".

The *Sunday Telegraph*'s acknowledged lead in the royal interview chase stems from the paper's new editor, Dominic Lawson: Mr Lawson is married to Rosa Monckton, one of the princess's close friends. The princess is godmother to the couple's youngest child.

If the quotes from the *Sunday Telegraph* are less than accurate, it may indicate there has been no slip in the security the BBC have thrown round the Diana tape. Instead speculation yesterday pointed to a spot of teasing by the Princess of Wales recalling her version of the conversation with BBC journalist, Martin Bashir.

And there is to be no royal divorce. "No. There are two children involved here." On the break up of her marriage she is reported to have said almost casually: "It's sad when a marriage breaks up, but there it is. These things happen."

If leaks of the interview are accurate she will tell Mr Bashir, "I don't want pity. I have more dignity than that. I'm strong, here to serve, and happy to do it."

The comments are a clear signal that the Princess does not intend to step back from the forefront of public life as the wife of the heir in the throne - nor lose the prestige and power which goes with it. There is also the underlying message that she will now set her own royal agenda.

The existence of the programme was kept from Marmaduke Hussey, the chairman of the governors of the BBC. It is thought this was a deliberate move both to prevent Mr Hussey stopping its transmission - his wife is lady-in-waiting to the Queen - and to ensure that he could not be blamed by the Palace for the breach of protocol.

Also, in a thinly-veiled rebuke, Lord Wakeham, the chairman of the Press Complaints Commission, wrote yesterday: "Privacy can be compromised if we voluntarily bring our private life into the public domain."

Those who do that may place themselves beyond the PCC's protection and must bear the consequences of their actions."

The Panorama drama: Central figure and the six key players

Chairman of the Press Complaints Commission. The former Government cabinet minister is an outspoken advocate of the need for the Royal Family to be protected from unwarranted media intrusion. Writing in yesterday's *Mail on Sunday*, he effectively said that the Princess of Wales may have put herself beyond the protection of the PCC. His threat that public figures "must bear the consequences of their actions" is a clear indication that he may have come to the conclusion (as his predecessor, Lord McGregor, had) that Britain's Royal Family can be the manipulators as well as the manipulated.

BBC television interviewer. More used to investigating Terry Venables' business ventures than conducting a royal chit-chat, Mr Bashir has pulled off the coup that every host from Sir David Frost to Oprah Winfrey had coveted. The 32-year-old father of two was said to be investigating the role of the security services in monitoring certain members of the Royal Family. His charm helped persuade the Princess of Wales that she could do business with Mr Bashir and his immediate boss, *Panorama*'s editor, Steve Hewlett, revealed in *The People* yesterday to be a former *Mansfield* star now rumoured for the higher things in the BBC.

Prince Charles. Estranged husband and heir to the throne. Just more than 18 months ago, he banished his soul (and admitted adultery) in 180 hours of taped interviews with *Diana* and *Panorama*.

which were then diplomatically woven into an ITV documentary. His wife's decision to court public sympathy in tonight's programme may be a direct consequence of this action. On a four-day visit to Germany last week while celebrating his 47th birthday he was said to be "spilling tea" at the news of his wife's turn at televised royal revelation.

Compiled by James Cusick

Chairman of the BBC's board of governors. Will issue a statement tonight immediately after the *Panorama* programme is broadcast. Said to be very angry over being kept in the dark over the interview, which only eight people within the BBC have seen, Hussey issued a statement last week, stating: "The governors cannot judge a programme or the content in which it has been made until after it has been screened."

However, intervention is not unknown to the man in charge of the BBC for the past nine years. Known as "Dukay", his wife, Lady Susan, is a lady-in-waiting to the Queen.

Go-Between. The wife of the Tate gallery director, Nicholas Serota. Although the Princess of Wales was described in some reports yesterday as a "natural" there will have been the need for someone to help broker the secret deal with *Panorama*: step forward Angela or "Dame A" as she is apparently called in Diana's circle of friends. She shares a common passion - dance - with the princess. Gave her emotional support during the split with Charles.

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Brown seeks to undercut Tories in tax battle

JOHN RENTOU
Political Correspondent

The political battle over tax cuts in next week's Budget began in earnest yesterday, as Gordon Brown, the shadow Chancellor, defended his "long-term objective" of a 10p-in-the-pound starting rate for income tax.

Mr Brown gave the strongest hint yet that Labour MPs would not vote against a cut in the 25p standard rate. It would do nothing to improve incentives to help people "from welfare into work", he said on BBC TV, but added: "We have got to look at these things over the piece, and millions of lower and middle-income people have suffered a huge tax rise in recent years."

Brian Mawhinney, the Conservative Party chairman, refused to concede tax-cutting ground to Labour. "No-one in the country believes that they're capable of restraining their spending instincts so as to afford tax cuts," he said.

Kenneth Clarke, the Chancellor, is widely assumed to have scope for tax cuts of about £5bn after a hard-fought agreement on next year's spending totals. He is under pressure from Tory MPs to move towards the Tories' long-term aim of a 20p standard rate. At present, only the first £3,200 of annual income is taxed at the lower rate of 20p in the pound.

Mr Brown linked his plan to cut this starting rate of income tax – which would only come "from the fruits of growth" and "as resources allow" – with changes in the benefits system

to increase the incentive for the unemployed to work. Changes to Family Credit and Housing Benefit would ensure that people claiming in-work benefits would keep all their tax cuts and not have them clawed back in lost benefits.

Today, Mr Brown hints that Labour would raise taxes for higher-income families. Writing in the *Independent*, he says: "All lower and middle-income families would receive the full benefit from the [Labour] tax cut," implying that those on higher incomes would not.

The Liberal Democrats yesterday called for tax thresholds to be raised instead – taking some people out of paying income tax altogether.

Paddy Ashdown, the Liberal Democrat leader, who launches his party's alternative "Budget for Education" tomorrow, accused Labour of planning to abstain in a Commons vote "on a Budget that is irresponsible and gambles with the nation's future".

Andrew Dilnot, director of the independent Institute for Fiscal Studies, backed the Liberal Democrat approach and criticised Labour's plan as "a gimmick". But Mr Brown pointed out that raising thresholds was worth more to the better-off because it reduced the amount of income taxed at the 40p top rate, while a cut in the lower rate was worth the same to all but the lowest-paid.

Meanwhile, an NOP opinion poll in the *Sunday Times* found 41 per cent trusted Labour to take the right decisions about taxes, well ahead of the Tories on 29 per cent. The poll also found that 70 per cent supported an increase in the top rate of tax from 40p to 50p in the pound for people earning more than £50,000 a year.

But the anxiety in the Labour Party over Mr Brown's tax-cutting stance was underlined by John Wells, a former economic adviser to Margaret Beckett in Labour's Treasury team. He announced yesterday that he had left the Labour Party: "There is no way they are going to have a fairer tax system and basically I doubt whether the performance of the economy will be any stronger than under the Tories," he told the BBC's *On The Record*.

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Leading article, page 20



Gordon Brown: Wants to aim for 10p basic tax rate

Dewar denies clash over Labour 'workfare' plan

JOHN RENTOU

The Labour leadership attempted to close ranks yesterday behind Gordon Brown's "workfare" style plan for the young unemployed, as an internal paper refused to die down.

Donald Dewar, Labour's chief whip, and Mr Brown dismissed suggestions of a Shadow Cabinet bust-up over the way the plan was launched.

At a news conference 10 days ago, the shadow Chancellor outlined four choices for young people – in-work training, a green task force, voluntary work or full-time education – and said that, if they did not take up any of them, their benefit would be cut by up to £17 a week.

The idea of benefit cuts is not Labour Party policy and had not

been discussed beforehand, although Mr Brown's aides point to a phrase in the economic policy document approved by the Brighton party conference about the "obligations" of the unemployed to take the opportunities offered to them.

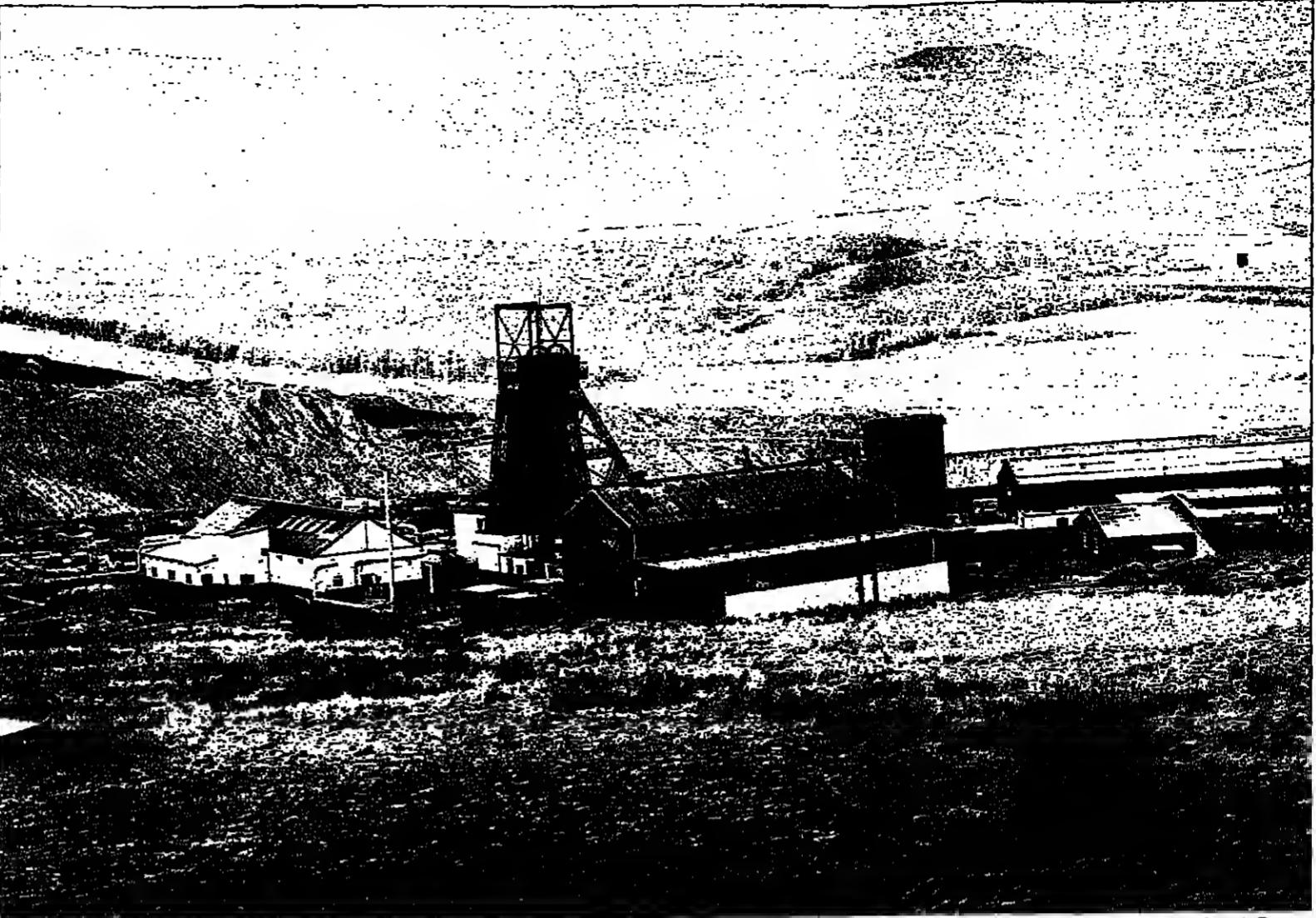
Mr Dewar yesterday rejected the suggestion that Mr Brown was "out of control", making up policy as he went along. "The idea of Gordon Brown out of control seems to me to be a very unreasonable and unlikely phrase for him," he said on the BBC's *Breakfast With Frost* programme.

A spokesman for Tony Blair, the Labour leader, said the *Observer*'s account of last Tuesday's Shadow Cabinet meeting was a "travesty of what actually took place". Mr Brown described it as "absolute nonsense".



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Leading article, page 20

Industrial revolution: 'Hit-list' colliery on course for £2m profit after takeover



Back in the black: Tower colliery, South Wales's last deep mine. Photograph: Christopher Jones Below: Pit director Tyrone O'Sullivan. Photograph: Gareth Everett

Miners strike rich seam of success at buy-out pit

MICHAEL PRESTAGE

After nearly a year running the last deep coal pit in South Wales, the miners at Tower Colliery have confounded the sceptics and their former British Coal employers by generating substantial profits and a full order book.

The miners battled against closure, arguing that the pit was potentially profitable and there was demand for the high-quality anthracite that the mine at Aberdare, Mid-Glamorgan, produces. Their belief that factors other than profitability were the issue in the mine's closure appears vindicated.

Full details of the first-year profits will not be revealed until next month, but analysis are predicting a figure in excess of £2m. The bulk is earmarked for investment, but the 239 miners and support staff who put up £8,000 each to fund the workers' buy-out could each receive a £1,000-plus dividend.

Tower had envisaged producing 390,000 tonnes of coal this year. But such has been the success in exploiting new markets that the figure has had to be revised up to 450,000.

The future also looks secure with a full order book for next year, and 60 per cent of the coal output for the following three

years already contracted. The colliery has a turnover of more than £20m a year.

Tyrone O'Sullivan, the former NUM lodge secretary at Tower, and now the personnel manager and a director of the company, has been a driving force behind the success of the workers' buy-out. The pit has also recruited key professional staff, including a number of the former management team from

British COAL
Tower Colliery
No 4 Surface

the days when it was owned by British Coal.

Mr O'Sullivan said: "We haven't tried to turn miners into financial directors. We have gone out and got top people for the senior management jobs. We all knew this pit had huge potential and when we had a meeting and the boys were given a chance to go for a buy-out they were all behind it. Their confidence and hard work has been vindicated."

He said when the workers first took control the banks did not believe coal could be produced immediately and they wanted to lend money to tide Tower over the first few months.

It was not needed. There were 2,000 tonnes of coal on the first day and 8,000 in the first week.

Pay and conditions are unrivalled anywhere in Britain. A surface worker is on a basic weekly wage £70 higher than any other pit, and no man goes underground for less than £303.

Miners at Tower had a reputation for militancy but Mr O'Sullivan believes this was due to British Coal's management approach. He cites as an example sick pay. Miners got only 80 per cent of their wages when sick because British Coal claimed absenteeism would soar if they were given full money. That policy has been changed and the absence rate this year has been 0.03 per cent.

Mr O'Sullivan said: "There is a great spirit here. Everybody wants to see the company do well. They have a stake in its own destiny."

The local community is also benefiting. Wherever possible, work that has to be contracted out goes within the Cynon Valley, and £18,000 has been given in sponsorship to local organisations.

Mining at the Tower site began in 1864, and a visitors' centre is being created to celebrate its history. The miners' efforts have now ensured the future.

WIN A TVR GRIFFITH 500

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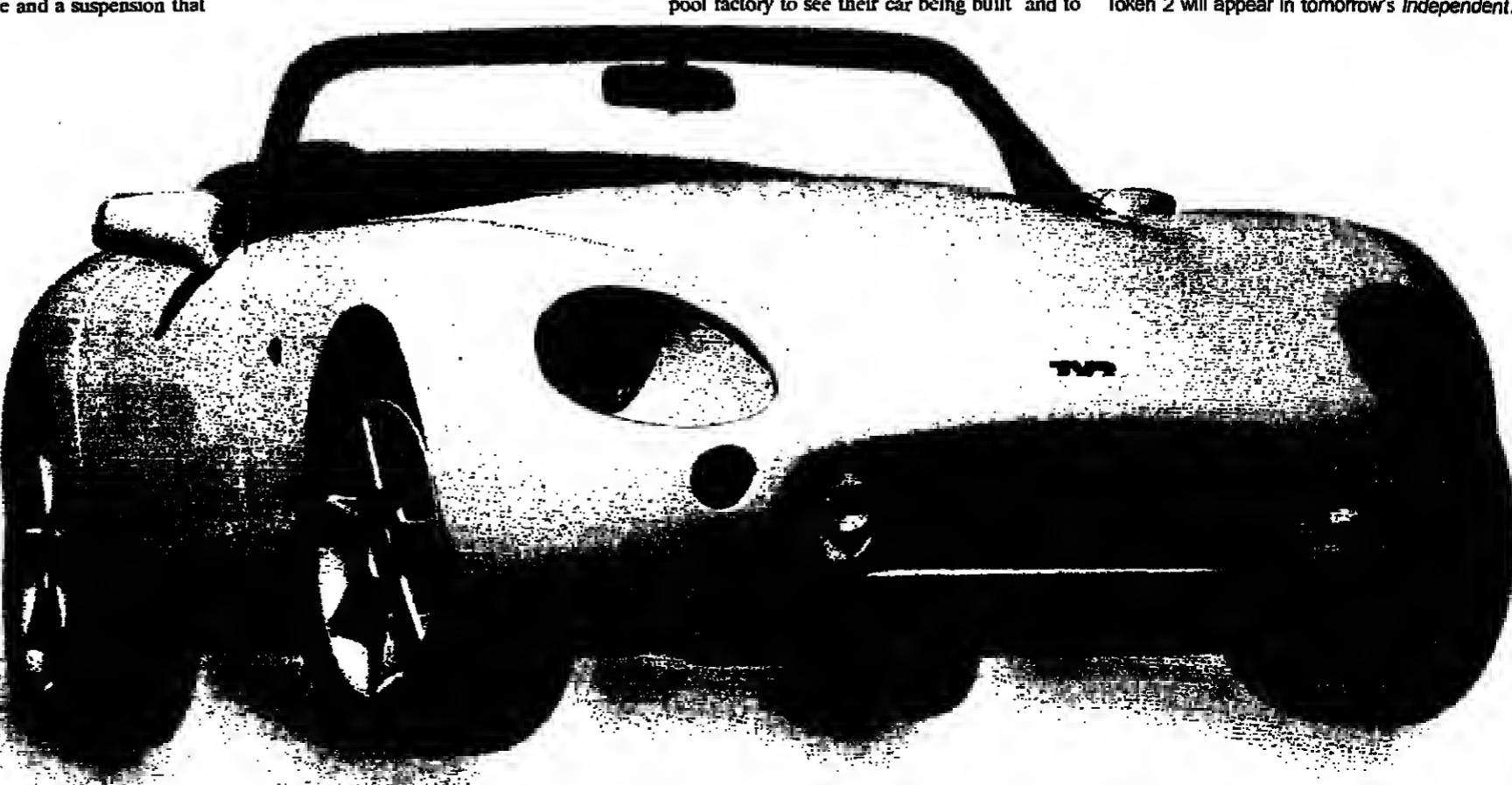
It's a car to be taken seriously – anything with this kind of performance demands respect from those who want to get the best out of it.

Inside our spacious two seater, you will find a stylish leather interior, complete with a walnut veneered dashboard displaying bold and clear instruments.

Our prize winner will be invited to TVR's Blackpool factory to see their car being built and to

choose their own specifications including the final paint finish. They will also be able to attend a Performance Technique day to really learn how to get to grips with the Griffith on a race circuit as well as attending a TVR Tuscan Challenge meeting.

To enter our prize draw, you must collect six differently numbered tokens, including one from the Independent on Sunday.



Rules

- To enter our TVR Griffith 500 Prize Draw you need to collect 6 differently numbered tokens, including one from the *Independent* on Sunday.
- The closing date for entries is 22 December 1995. Send to: Independent TVR Griffith 500 Prize Draw, PO Box 83, Welwyn Garden City, Hertfordshire AL7 3TT along with a completed entry form to be printed on 25 November and 2 December.
- For previously published tokens or an entry form send an SAE to: Independent TVR Griffith 500, PO Box 203, Welwyn Garden City, Hertfordshire AL7 1TV. State the amount of tokens you require (only 4 per application). Please

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- mark clearly on your envelope, Token Request or Entry Form. If you need both, please send separate SAEs. Requests must be received by first post 11 December 1995.
- Employees and agents of Newspaper Publishing Pic or those of any other national newspaper company or any firm connected with the promotion are not eligible to take part, neither are their relatives nor members of their families or households. Entrants must be aged 18 or over.
- The winner must co-operate for publicity purposes if required and accept that his/her name and photograph will be published in the paper.
- Photocopies of tokens and entry forms are not acceptable.
- The promoter reserves the right in their absolute discretion to disqualify any entry or competitor, nominee, or to add to, or waive any rules.
- No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt. The promoter will not take responsibility for entries lost or damaged in the post. The Editor's decision is final.
- The competition is open to residents of the UK and the Irish Republic. The prize will be as stated, with no cash alternative. The Editor's decision is final.

- Promoter: Newspaper Publishing Pic, One Canada Square, London E14 5DL.

news

Cunard denies claim that QE2 is bad for your health

DANNY PENMAN

The owners of the QE2 denied yesterday that hygiene standards on the ship were so low that they posed a serious danger to passengers' health.

A leaked report from Southampton Port Authority listed a catalogue of failings in equipment and procedures that created a "serious and unnecessary risk" to passengers on board the ship who can pay up to £16,000 for a cruise.

During one visit last year, inspectors found water leaking through a light fitting and on to a meat slicer in the ship's galley and a missing air vent cover that allowed a "copious filthy black debris" to blow on to surfaces used for food preparation.

Last December, they found the galley had cracked and dirty wash basins which prevented the crew from cleaning their hands properly before handling food; broken lavatories still being used by galley crew; showers overflowing with stagnant water and food being stored in broken refrigerators.

The problems were initially identified after an inspection on 17 December, just before the ship embarked upon a disastrous Christmas cruise after a £30m refit. Defects in the kitchens were again highlighted on 15 October this year.

In between, Trafalgar House, which owns Cunard, said the kitchens had consistently passed health checks and had been given the highest possible rating by the public health authority in the United States.

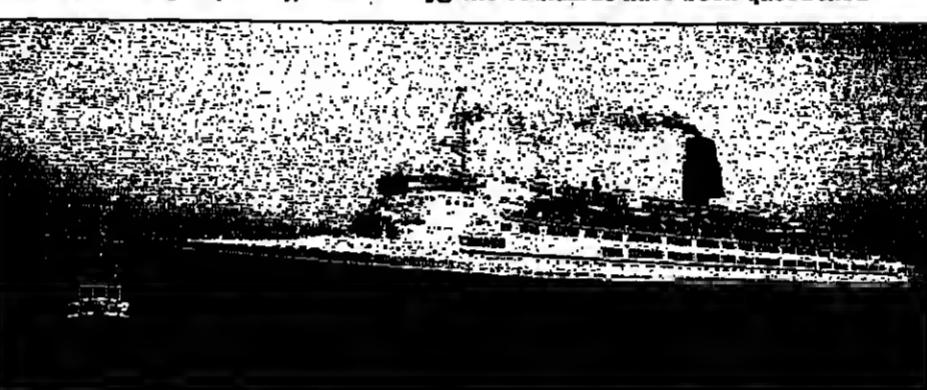
"The incident on 15 October was an isolated one, arising when the ship's crew were working flat out to turn the ship around quickly after it arrived late in Southampton," a company spokesman said. "The inspectors boarded and found a kitchen that had not yet been cleaned. It was of course prop-



Tucking in: Passengers (above) serving themselves to food on board the QE2 (below), on which hygiene standards have been questioned

erly cleaned before the ship sailed and was re-inspected on October 25 when the ship next returned to Southampton. The inspectors commented favourably on that occasion."

In his report after last December's incident, the inspector said that in his view "many of the catering staff and waiters would have presented themselves for work without having been able to use satisfactory sanitary facilities. They were then unable to properly wash their hands during food preparation



Employers prejudiced against new universities

BARRIE CLEMENT
Labour Editor

Employment prospects for graduates are poor and likely to get much worse, with job-seekers from the old polytechnics facing the added disadvantage of "in-built prejudice" from employers.

The number of degree-holders is set to increase by nearly

six times more than the available jobs, according to an annual study of employment opportunities published today. While the number of graduates next year is expected to increase by 14 per cent, vacancies are likely to rise by only 24 per cent. Industrial Relations Services has found.

In a survey of nearly 200 organisations employing more than 1 million people, more than a quarter of employers said they expected to cut graduate intake next year.

The authors say that the "massive shake-up" in higher education in the last few years has led to a dramatic increase in the quantity of new graduates entering the market.

There is now an unofficial "two-tier" approach by employers, the IRS Employee Development Bulletin found. In

contrast to previous surveys, there was an in-built prejudice against the new universities.

An increasing number of employers felt the old polytechnics were producing low-calibre graduates. Equally worrying was the fact that most employers felt the teaching at new institutions was not more relevant to business.

More than a third of re-

spondents reported dissatisfaction with graduates' business awareness – a substantial increase on last year's finding.

The report said that starting salaries reflected employers' lack of confidence. This year's average starting pay was £13,959 – a rise of only 3.3 per cent on 1994. The prediction for next year is 3.2 per cent, below the expected rate of inflation.

The company will today announce the new editorial and commercial team hired to develop the venture. They include Rhys Williams, formerly a journalist with the *Independent*, as editor, and Jacqueline Ewe, former advertising manager at *Vogue*, who will become commercial director.

Nicholas Coleridge, managing director of Condé Nast, said the decision to launch a new product was taken on the strength of interest generated by the existing service. "We tested our site for six weeks and logged a lot of use. That has emboldened us to enlarge the service."

He added that the new Internet product will use existing Condé Nast material from its stable of magazines, but will also commission original work and refresh the site regularly.

Archive material from the company's impressive library will also be on offer periodically.

The service will be advertiser-funded, but could generate subscription fees in the future, provided secure payment systems can be developed. "We are definitely looking at the ques-

tion of secure credit-card transactions," Mr Coleridge said. "But we believe there is sufficient interest from advertising companies and clients to make this work."

Condé Nast, which also publishes *Vanity Fair*, has a similar service up and running in the US, Condé Net.

The American market for electronic publishing has developed more quickly than in Europe, with most major magazines – including the *New Republic*, *Harpers* and the *Economist* – already making at least some of their products available on the Internet.

Last week, the celebrated



New horizons: Gearing up for an electronic future

political journalist Michael Kingley, formerly of the *New Republic*, confirmed that he was to edit a virtual magazine backed by Microsoft, the software giant. It will be available through the Microsoft Network, launched earlier this year on the Windows 95 software package.

The move convinced many US publishers that the market was about to take off, and Condé Nast's entry into the UK market is seen as similarly trend-setting.

Ten staff have been hired by Condé Nast in addition to the editor and commercial director. Mr Coleridge said the enlarged service would be available to in-

Self Assessment

It's time to tidy up your tax affairs.

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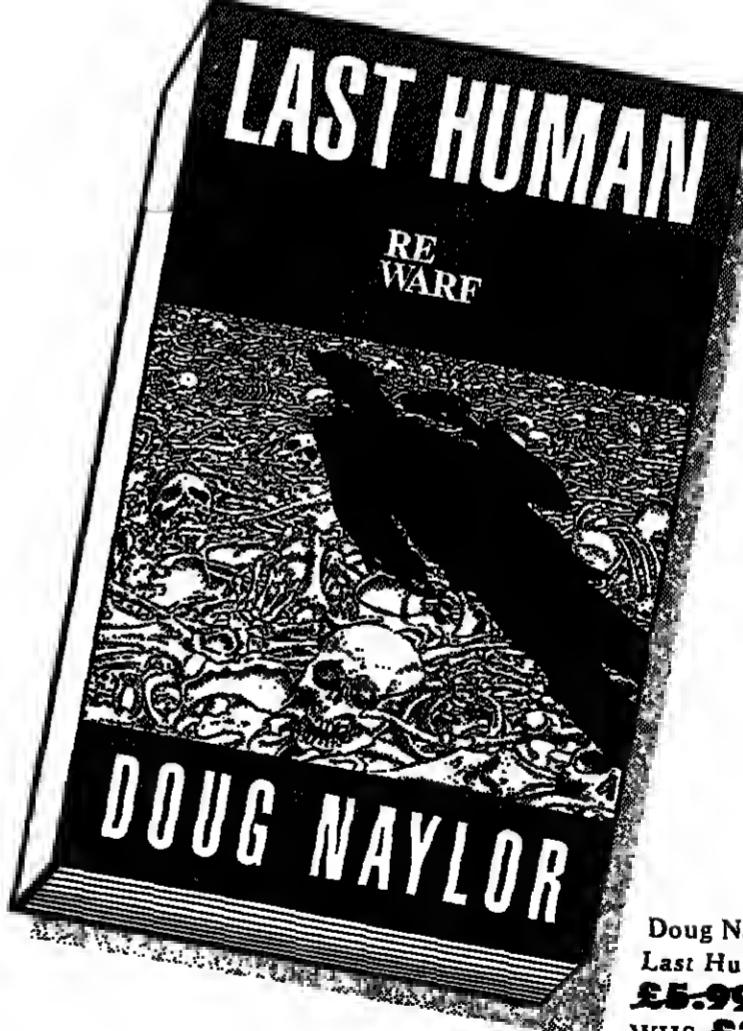


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Bosnia talk
Ball

international

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Bosnia talks: Hopes rise that Dayton is on the brink of ending Europe's bloodiest conflict since the Second World War

Balkan peace deal set for signing today

15

RUPERT CORNWELL

Washington

President Franjo Tuđman of Croatia was heading back to the Bosnian peace talks in Dayton, Ohio yesterday, in the clearest sign yet that 19 days of non-stop negotiation at a Midwestern air-force base were on the brink of producing a deal to end the bloodiest conflict in Europe since the Second World War.

As the three delegations from Bosnia, Serbia and Croatia were making a last push to tie

up an accord, optimism was being tempered by renewed demands from the Bosnian government for a written guarantee of US arms to counter Serb superiority in the region – demands which sources described as a "potential deal-breaker" if pushed to the limit.

Acknowledging these last-minute doubts, Nick Burns, the State Department spokesman, insisted yesterday that the outcome could still "go either way". The one certainty is that the largely secret talks in a

complex at Wright Patterson air force base at Dayton will wrap up today. "An event in State Department parlance has been scheduled for 11am, which will either a ceremony at which a draft treaty will be initialled – or an announcement that the most promising attempt to end the three and a half year war has failed."

The signals were that it would not. Speaking at Zagreb airport, Mr Tuđman said a deal was on the cards. "If not, then they would not call me back. The

talks would be finished by Monday," he told reporters. "If I expect an agreement will be initialled then."

Spurred by increasingly impatient international mediators, led by the US Secretary of State, Warren Christopher, in person, Presidents Slobodan Milošević of Serbia and Alija Izetbegović of Bosnia were reported to be close to resolving the issues which from the outset have been the most difficult.

These include the precise division of Bosnia between the

Muslim-Croat federation and the Bosnian Serbs, the future constitution of Bosnia, the Bosnian Serb areas in the east and north-west and the status of Sarajevo and the corridors linking that city with the remaining Muslim stronghold of Gorazde in eastern Bosnia.

Indications have been multiplying that the climax is at hand. First, Mr Christopher returned to Dayton from the Asian-Pacific summit in Osaka, Japan. Then the Bosnian Foreign Minister, Muhammed

Sacibey, announced his resignation – because he had been largely ignored at key moments of decision, but also to clear the way for a Croat to be appointed to one of the country's most senior posts. This would bolster the shaky Muslim-Croat federation as it proceeds to take charge of 51 per cent of Bosnia territory. Yesterday, translators were working on the final text of documents which would be initialled today.

Thus far the Dayton summit has yielded two partial accords,

being entangled in the bitter debate over the US budget.

Thereafter looms the issue of arming the Bosniacs. According to Mr Burns, Muslim demands will not be dealt with in the settlement. But even if that is acceptable to Mr Izetbegović, it may not be to some Nato members, who argue that Washington cannot provide the backbone of a neutral peace-keeping force, and be a declared ally of one of the parties to the conflict.

Leading article, page 20



Much needed: Two girls at Malta primary school enjoy their vital daily Red Cross snack. Photograph: Kevin Weaver

Walesa and poll rival neck-and-neck

ADRIAN BRIDGE

Warsaw

Poles braved wind and snow yesterday to vote in a presidential election that has underlined the extent to which the country remains divided six years after Communism collapsed.

An early exit poll showed President Lech Walesa and Aleksander Kwasniewski, his challenger, running close, with 50.35 per cent backing Mr Walesa, against 49.65 per cent for the Social Democrat Mr Kwasniewski. For many, the election represented a re-run of the battle between Poland's Communist rulers and the Walesa-led Solidarity movement that brought it down.

"I am voting for Mr Walesa

because I do not want the Reds to come back into power," said Zdzisław Skomiałow outside his polling station in Warsaw. "Even if it meant going barefoot with Walesa as president I would willingly do it. He deserves praise for having got rid of the enemy after 40 years."

The reopening of the Solidarity-Communism divide has favoured Mr Walesa, whose performance over the past five years has been criticised by both enemies and former allies.

According to Mr Kwasniewski, a junior minister in the last truly Communist government, it has been a false debate, distracting attention from the really important questions about Poland's future.

In addition to SLD stalwarts,

Mr Kwasniewski looked set to gain support from Poles too young to remember life under Communism and who were attracted by his good looks, quick wit and slick campaigning style.

"Mr Kwasniewski is clearly the better of the two," said Paweł Chmielewski, 19. "He

may have his roots in Communism but I think we have to believe him when he says he will not repeat the mistakes of the past. It is clear that there can never be a return to Communism." For all their antagonism, there are no fundamental differences in the candidates' policy goals.

Both support membership of Nato and the European Union and both declare themselves to be in favour of further market reforms. In the first round of the election two weeks ago, Mr Kwasniewski outvoted Mr Walesa by 50 per cent to 33 per cent. The remaining votes went to 11 other candidates, who then dropped out of the race.

With some opinion polls yesterday predicting a win for Mr Kwasniewski, the Catholic Church leapt into the fray.

Priests urged believers to vote for the candidate they believed to be "closer to God", a veiled reference to Mr Walesa, a devout Catholic and father of eight.

Poland's Primate, Cardinal Józef Glemp, called the election "a choice between two people and two value-systems: a set of Christian values and a system that I would call neo-pagan".

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Nostalgic few honour Franco

ELIZABETH NASH

Madrid

Scarlet-and-gold flags emblazoned with the fascist eagle fluttered in the midday sun as the veteran nationalist Blas Pinar ranted at the foot of Madrid's only equestrian statue of Francisco Franco. "Democracy is weak, the country is sad. Let us revive the dreams of a great and united Spain. *Arriba España!*"

Among up to 5,000 enthusiasts, including old and young, arms shot aloft in fervent response. A smart-suited woman turned to her companion, her carmine lips trembling: "They should never have handed over power to the King. That was the big mistake." But those who rallied yesterday to mark today's 20th anniversary of the death of the dictator are a small, splintered minority dubbed *nostalgicos* by the media. "We've been inoculated against fascism," shrugged a Spanish friend this week.

Most Spaniards – 76 per cent according to a survey published yesterday – overwhelmingly support the democratic system. Just 15 years ago, the proportion was 49 per cent. And the standing of King Juan Carlos has never been higher. Some 73 per cent think the transition to democracy would not have been possible without him and 79 per cent see the monarchy as a guarantee of order and stability.

"Of course not everyone agreed with everything in the



In waiting: General Franco (right) with his successor, King Juan Carlos, seven months before Franco's death

Franco's followers, flanked yesterday by a clutch of German visitors in jackboots, remain intransigent, many Spaniards have softened their attitude towards Franco's 36-year rule. *Franquismo*, the survey found, is seen by 63 per cent of young Spaniards as having both good and bad aspects.

Gregorio Pérez-Barba, a Socialist who fought Franco and became one of the founders of the 1978 democratic constitution, said recently that the peaceful transition from dictatorship to democracy was made possible only by the consensus reached among all political forces after Franco's death.

"Of course not everyone agreed with everything in the

ings of blame and revenge in favour of a clean slate. "To keep making history you have to forget the past," said the Basque commentator and philosopher Fernando Savater recently.

But many feel that the pact of forgetting left corners of Spanish politics unreformed. Among them were the police and the civil guard, enabling illegal government anti-terrorist squads to wage a campaign of covert aggression against suspected Basque separatists in the Eighties. Twelve years on, disclosures about the dirty war are causing the worst crisis to face today's Socialist government.

Many old rivalries and feelings of blame and revenge were not forgotten at all. In a casual conversation about voting intentions, a public relations executive in his early 50s who seemed studiously apolitical, which in Spain usually indicates conservative sympathies, suddenly became agitated. "I could never vote for the (conservative) People's Party because it contains ministers of Franco who were responsible for executing people," he said.

His comment illustrates a widely held view that Spain's fascists no longer have a constituency, it is partly because the vestiges of the far right can find a home in the democratic opposition. Which, if true, perhaps indicates the strength, rather than the weakness, of Spain's 20-year-old democracy.



Do pension companies get away with over-charging?

A recent Money Management magazine survey exposed a number of pension providers whose charges exceed 30 per cent of their customers' premiums. What might be called 'over-charging' does appear to be happening. Of course, there's no such thing as a free pension. Setting up the plan requires administration, and the fund must then be carefully managed for up to 25 years or more – this costs money. The question you have to ask yourself

is: are these costs unreasonably high? Midland has recently been selected by the same Money Management survey as among Britain's lowest-cost pension providers. We have a policy of clearly explaining to every customer how much and when you will be charged, and what costs these charges cover. To arrange an appointment with a Midland Financial Planning Manager, call us on 0800 65 65 65.

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international

Rabin inquiry: Details of deal with right-wing informer fuel row over agency's security lapses

Killer's ally 'spied for Shin Bet'

PATRICK COCKBURN
Jerusalem

Ashai Raviv, head of the extreme-right Eyal group and friend of Yigal Amir, the assassin of Yitzhak Rabin, the Israeli prime minister, was a paid informant of the Shin Bet internal security agency over the past two years. It gave him the codename Champagne and promised to ignore Eyal's activities in return for information about right-wing extremists, according to Israeli press and television reports.

The disclosure that Mr Raviv may have worked for the Shin Bet will further inflame the

dispute about how it failed to know about the plot to kill Rabin. Rabbi Benny Elon, a right-wing activist, said: "I knew, and many people knew, that the one working most closely with Raviv was Yigal Amir."

Mr Raviv, 27, like Mr Amir, went to the conservative Bar-Ilan university near Tel Aviv and founded Eyal two years ago. It was always a small organisation, with perhaps as few as 20 members. Mr Amir was closely associated with it even if he was not formally a member.

The interrogators of Mr Raviv are reported to believe that other members of his group suspected he was a mole for the

Shin Bet and did not tell him about their plans to kill Rabin. Four days after Rabin was killed, Mr Raviv was arrested. He was held for nine days then mysteriously released.

He has been ordered by the court to stay at his parents' home and not go back to the settlement of Kiryat Arba, near Hebron. He is also forbidden to talk to the press, although he said to have denied being an informer.

Mr Amir says that while people knew about plans in general terms, he did not tell anybody about his intentions on the night of 4 November, when he finally got his opportunity to

shoot the prime minister. Margalit Har-Shefi, another Bar-Ilan student said by police to be at the heart of the conspiracy, continues to deny that she knew about it.

The head of the Shin Bet, K, was the first person to give evidence to the official government inquiry into the assassination, which began yesterday. Most testimony will be given in private to protect the identity of Shin Bet officials and their informers.

The three-man commission of inquiry is headed by the recently retired head of the Supreme Court, Meir Shamgar,

and has limited terms of reference. But it will examine why the Shin Bet was unable to identify Mr Amir as the young religious Yemenite whom Shlomo Halevi, a student who had learned about the assassination plan from his girlfriend, had told the agency in June was planning to kill the prime minister.

Criticism of the Shin Bet's failings has reopened a bitter dispute which raged earlier in the year over the appointment of K. Ironically, K was primarily criticised by the right for concentrating too much on the violence of settlers. They put up posters giving his name and home address.

Despite the fact that K turned out to be correct – and his opponents wrong – in his diagnosis of direction of the threat facing Israel, he is now under attack from the right.

In the *Jerusalem Post*, Uri Dan and Dennis Eisenberg say

Israelis are demanding that the Shin Bet chief "quit and make way for a professional of repute, someone who will return the organisation to the days when when it was the pride of the nation." It emerges, however, that a gripe of the security men most opposed to K is that he is hostile to Israeli settlers on the West Bank and prepared to co-operate with the PLO.

IN BRIEF

Catalonia poll could signal Spanish trend

Barcelona — Voting began yesterday for a new Catalonian parliament in a poll that could signal trends for an early Spanish general election expected in March. Five million voters are electing 135 deputies to the regional parliament, with the incumbent centrist Convergencia i Unio (CIU) nationalist coalition hoping to retain its absolute majority. In the last legislative elections in 1992, CIU won 70 seats with 46.1 percent of the vote, to the Socialists' 40 seats with 27.5 percent. The latest opinion polls indicated seven seats with 5.2 percent. It needs 68 for the CIU would take between 63 and 68 seats. It needs 68 for an absolute majority. The Socialists, who govern at national level, could drop to between 31 and 35 seats.

Reuters

Apec leaders promise to free Asian trade

Osaka — The 18 leaders of the Asia Pacific Economic Co-operation forum ended their third summit meeting yesterday with individual promises of trade liberalisation, but failed to quell growing doubts that the organisation can achieve its goal of free trade by 2020, writes Richard Lloyd Parry. "We have, with Osaka, entered the action phase in translating this vision and these goals into reality," ran the concluding declaration. But the only announcement which caused much surprise came from the Chinese President, Jiang Zemin (above right), who promised to reduce trade tariffs by 30 per cent from next year, a step towards China's eventual membership of the World Trade Organisation.

Reuters

Ban on women priests is infallible

Vatican City — In a drastic move, the Vatican has attempted to slam shut the debate over women priests by declaring that the ban on their ordination is an infallible part of Catholic doctrine that cannot be disputed or changed. Dissident Catholic groups said the move was potentially divisive, pointing out that polls say many Catholics would approve of women priests. The Congregation for the Doctrine of the Faith, the Vatican body that oversees doctrinal issues, issued a statement at the Pope's request in an attempt to clear up lingering doubts about the definitive nature of his 1994 letter on women priests. The Congregation said Catholics should see the 1994 letter as applying "always, everywhere and to all faithful". The method chosen to stress the definitive nature of the ban stopped just short of the most solemn form of declaring something infallible – when the Pope does it himself, speaking *ex cathedra* from the throne.

Reuters

Peace award for Nigerian general

New Delhi — The former Nigerian head of state, General Olusegun Obasanjo, has been awarded this year's Indira Gandhi International Prize for Peace, Disarmament and Development. "General Obasanjo, who was head of state of Nigeria and voluntarily gave up military rule and invited a civilian government to take over, has been chosen for the award," an Indira Gandhi Memorial Trust spokesman said.

Reuters

Moi denies friendship with Rwanda leader

Nairobi — Kenya's President Daniel arap Moi is denying that he was a personal friend of Rwanda's late president. The Kenyan leader said that President Juvenal Habyarimana was closer to a minister in the Moi Cabinet who now leads an opposition party. Mr Moi said he would not allow his friendship with Mr Habyarimana to colour his views of the international tribunal set to try people who planned and carried out the genocide.

AP

Uninvited wedding guest goes free

Copenhagen — An elegantly dressed Frenchman who walked past security and officials to attend Saturday's royal wedding without having an invitation, was released after a night in detention. Claude Khazzian had been invited by the *Etska Blinde* tabloid to carry out the stunt. No charges were pressed against Mr Khazzian, who was detained after the wedding of Prince Joachim of Denmark and Hong Kong-born British commoner Alexandra Manley. AP



Protection force: Yasser Arafat, surrounded by PLO security guards, addressing the people of Jenin yesterday

Photograph: Khaled Zighari/AP

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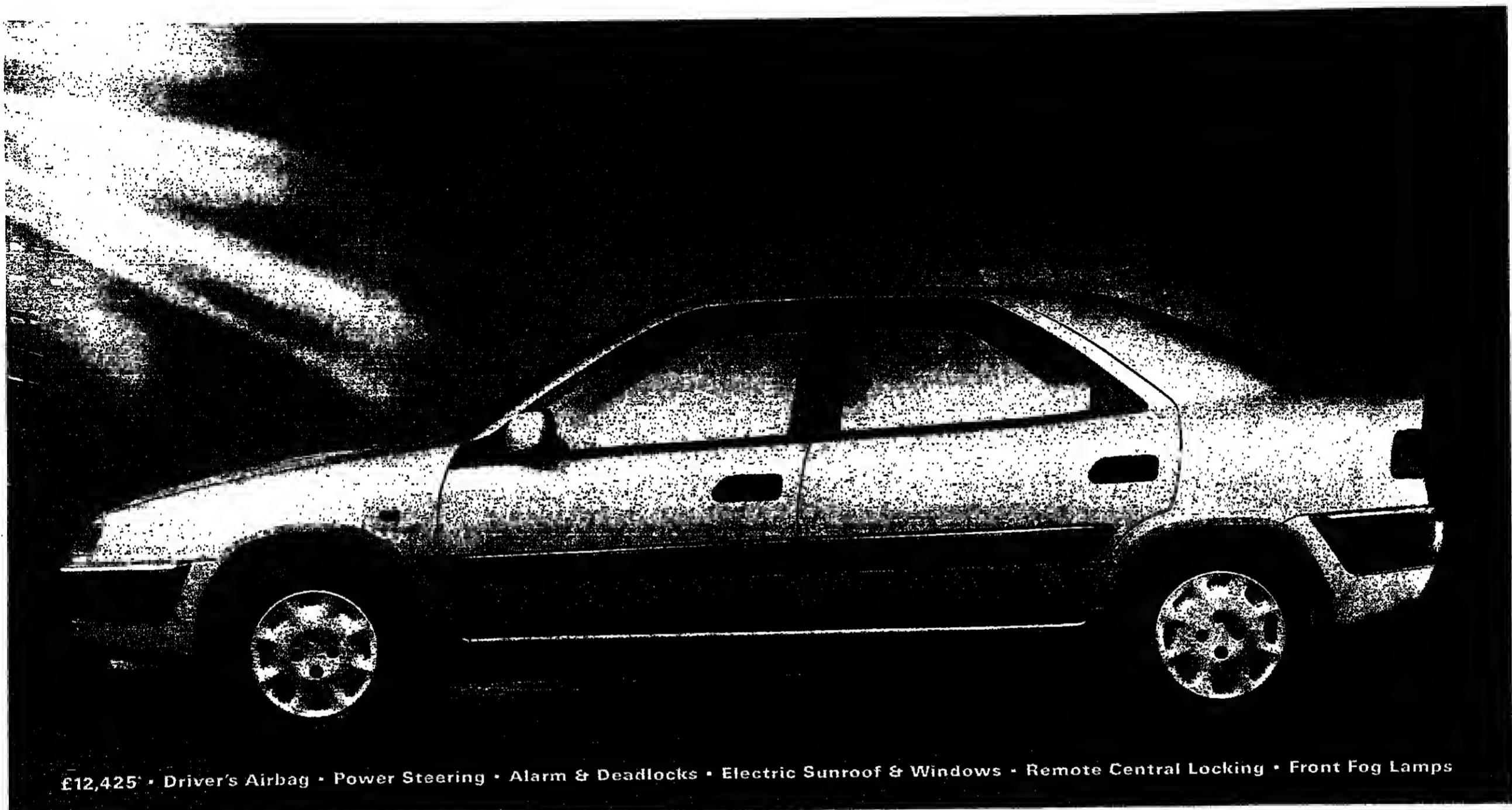
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Jayco 150

international

Mulroney sues police over bribery allegations

HUGH WINSOR

Ottawa

Brian Mulroney, the former Canadian prime minister, has announced he is launching a C\$50m (£24m) libel suit against the Canadian government and the Royal Canadian Mounted Police because they have named him in an investigation into possible bribery involving the purchase by Air Canada of 34 passenger jets from Airbus Industrie.

At the time of the purchase in late 1980s, Air Canada was a state-owned airline and its equipment procurement plans had to be approved by the Cabinet. Mr Mulroney was Prime Minister from 1984 to 1993, after which his Conservative Party evaporated at the polls.

In a statement issued at the weekend, Mr Mulroney confirmed he had been named in a request from the Canadian Justice Department to Swiss authorities for help in the investigation of an alleged criminal conspiracy. The request also asked the Swiss to freeze several bank accounts in Zurich and to permit the RCMP access to them.

But Mr Mulroney denied he had ever attempted to influence Air Canada's purchasing decision and said he had never received any money from anyone in connection with the Airbus deal. He also said he holds no bank account in Switzerland or anywhere else outside Canada.

The former prime minister is claiming C\$25m in personal damages and C\$25m punitive damages which he has said he would give to charity if the suit was successful. There are no precedents, however, for anyone successfully suing the RCMP for inclusion in a criminal investigation.

There have been rumours about commissions paid on the Air Canada purchase of the Airbus 320s ever since the Airbus consortium beat Boeing for the

contract when Canada's largest airline decided to re-equip its short-haul fleet. The rumours have always circulated about the role of Frank Moores, a close Mulroney associate, formerly the Newfoundland premier and once a Conservative MP in Ottawa.

Mr Moores was one of the main financial backers of Mr Mulroney's successful bid for the Conservative Party leadership in 1983. After Mr Mulroney led his party to victory, Mr Moores established a consultancy firm in Ottawa to lobby the government. He maintained his access to the prime minister.

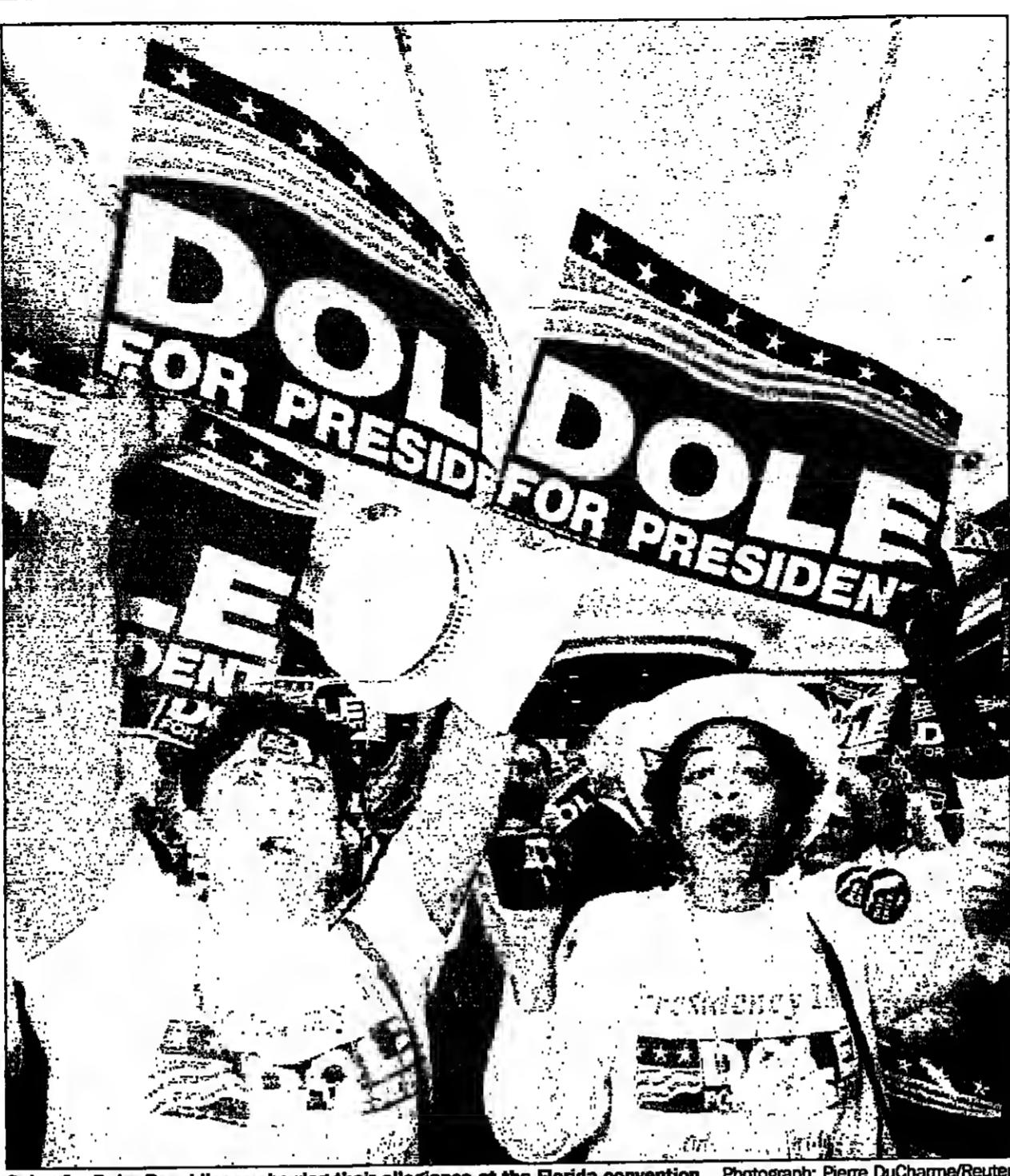
Mr Mulroney had appointed Mr Moores to the board of directors of Air Canada but he was forced to resign when it became known he was lobbying for Wardair, one of Air Canada's competitors, at the same time.

As well as the Airbus deal, there was a pattern of close links between the Mulroney government and business supporters of the Conservative Party. In one case Mr Mulroney pushed through a deal which would have turned over the operation of Toronto airport to a company headed by a former president of the Conservative Party.

In the case of the Airbus purchase, investigators for a CBC television programme traced C\$17m in commissions on the C\$1.8bn purchase to a Lichtenstein-based company whose principal, Karl Heinz Schreiber, is an associate of Mr Moores.

The CBC also said Mr Schreiber accompanied Mr Mulroney to Zurich, where two accounts were opened, one for Mr Mulroney and one in the name of Devon, the name of the Montreal street where Mr Mulroney used to live before becoming prime minister.

In his libel suit, Mr Mulroney claims that the "false and reckless allegations" in the Justice Department request damaged his personal reputation and have "besmirched and distorted the good name of Canada."



Going for Dole: Republicans showing their allegiance at the Florida convention. Photograph: Pierre DuCharme/Reuters

Florida poll win cheers Dole camp

RUPERT CORNWELL

Washington

Bob Dole has pulled off a narrow victory in a keenly awaited straw poll of Florida Republicans. If history is any guide, it will reinforce his position as front-runner to win the party's nomination to challenge President Bill Clinton in next year's US presidential election.

The Senate majority leader captured 33 per cent of votes cast by 3,400 delegates, ahead of Sen-

ator Phil Gramm of Texas, with 26 per cent, and the former Tennessee Governor Lamar Alexander, with 23 per cent. The winners of the two such previous polls, Ronald Reagan in 1976 and George Bush in 1980, both went on to gain the nomination and then the White House.

Despite the unexpectedly strong performance of Mr Gramm and Mr Alexander, the Dole camp was relieved and delighted. "We won and that's what matters," his aides said. The

result may also force some weaker and poorly financed candidates, such as Senator Arlen Specter of Pennsylvania and Congressman Bob Dornan of California, to drop out.

Meanwhile the budget deadlock which has shut down much of the federal government for an unprecedented six days may be close to a solution. Republicans have tabled a new proposal, slightly softening their conditions for balancing the budget in seven years. Leon

Panetta, the White House chief of staff, called it "a step in the right direction", as party leaders prepared to meet last night.

As the wrangling in Washington continued, Republicans won a landslide victory in the once solidly Democratic South when Mike Foster, a millionaire businessman, became only the second Republican Governor of Louisiana in 122 years. He defeated his black Democrat opponent, Cleo Fields, by 64 to 36 per cent.

The great tease is ready to pull on his galoshes

Heard the latest Mario Cuomo joke? When he found out that Colin Powell had decided not to run for President in 1996, he stepped forward to become his General's running mate.

It has been just over a year since Mr Cuomo was denied a fourth term as Governor of New York by the Republican George Pataki and vanished from America's political landscape. But with the dramatic differences of General Powell, the name of Cuomo was suddenly brought back to mind.

This time four years ago it was Mr Cuomo who had the nation in suspense over whether he would make a run for President. The media pundits were virtually begging him to seek the Democratic nomination. So were most Democrats – among all the possible challengers to George Bush. Mr Cuomo looked like the only one with a real chance of winning.

Mr Cuomo, a firm liberal opposed to the death penalty and a supporter of free choice on abortion, was even more of a tease than General Powell. He chartered an aeroplane to take him from Albany, the state capital, to Washington to announce his candidacy. Then he changed his mind. Many still believe that if he had not, he and not Bill Clinton, would now be in the White House.

As it is, he is not even in the governor's mansion in Albany. A compulsive political operator and also one of this country's few great orators, Mr Cuomo returned to his Manhattan law practice. But he is gradually edging back into the fray. He is the host of two weekend radio shows in New York and a regular on the lecture circuit. He

has also written a book, *Reason to Believe*, a treatise on everything that he believes is wrong with the Republican Revolution of Newt Gingrich, the Speaker of the House of Representatives.

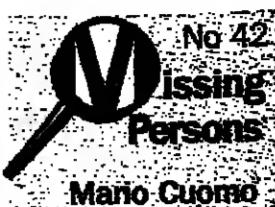
In his book, Mr Cuomo warns that under Mr Gingrich, the US is in danger of reversing "60 years of the most human and intelligent progress any government has ever achieved". The Republicans in Congress frame issues by "distilling the bitterest juices from the people's anger, bottling them as legislation and then offering it all back as a magic elixir". In a speech last week, he praised what he called the "sweet strength" of General Powell in forsaking his presidential ambitions.

It was a wise decision, he said, because the general is not accustomed to insubordination and that is what he would have got, from the press and from the Republicans. "Take it from me, they will wee-wee on your shoes," he said of the political pundits. "I wore galoshes for eleven years".

Mr Cuomo predicts that next year will be a race between Mr Clinton and the former Governor of Tennessee Lamar Alexander (not Bob Dole). Mr Clinton, he says, will win.

And what of Mr Cuomo himself? The signs are that his gradual return to the public arena is just beginning. "I've been very quiet for a whole year, because I thought that was appropriate," he noted last week. He says he has not ruled out challenging the Republican Alfonse D'Amato for his New York Senate seat. Meanwhile, CNN is reported to be considering trying him as a co-anchor on its confrontational show *Crossfire*. Also on CNN's shortlist: Ann Richards of Texas, another exiled Democratic governor with a handy tongue.

David Usborne



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international

Bomb kills 14 at Egypt's embassy

Islamabad (Agencies) — A suicide bomber blasted his way into the Egyptian embassy in Pakistan yesterday and set off a powerful explosion that killed at least 14 people and wounded about 60, including diplomats.

A police official said a bomb was first thrown at the embassy gate, apparently to clear the way for a suicide bomber who drove a vehicle packed with explosives into the compound.

The Interior Minister, Naseerullah Babar, said police had found the engine and chassis of a van they believed was used in the attack, adding: "I think we will get to the terrorists."

One Pakistani employee, Malibob Hussain, who had been working on the first floor, said he had heard one blast, after which embassy officials told everyone to evacuate the building. A more powerful explosion followed immediately.

Egypt's largest Muslim militant organisation, el-Gamaa el-Islamiya (Islamic Group), claimed responsibility for the attack. A second Islamic militant

group, Jihad, also claimed responsibility. There were no immediate arrests.

Pieces of debris and human flesh were scattered up to 50 metres from the embassy.

The blast tore a crater about six metres (20ft) wide inside the embassy compound, ripping the facade from the two-storey building and wrecking several parked cars.

In Cairo, President Hosni Mubarak condemned the bombing as an evil crime "in opposition to all spiritual and humanitarian values".

The attack was the worst on an Egyptian target abroad for years. Frustrated at home, the terrorists appear to be looking for targets abroad in advance of the 29 November elections.

Police action in Egypt has largely confined the Islamic Group's activities to the south of the country. Thousands of suspected Muslim militants have been jailed, and 50 have been executed. More than 850 people have died in the Islamic radicals' campaign.



Grim search: Rescuers working at the Egyptian embassy in Islamabad yesterday

Photograph: BK Bangash/AP

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almost as lethal. Throughout the election campaign that gave Mr Zeroual his first mandate as President last week, the ghosts of Algeria's colonial era hovered over the candidates.

But what can France do to repair the shambles of its relationship with Algeria in the aftermath of last week's election?

If it urges further dialogue with "Islamists", President Zeroual will claim that France is soft on "terrorism". If it supports any new military action by Mr Zeroual against the armed Islamist groups, it may provoke more bombs on French soil.

And if it remains obstinately neutral, all sides in Algeria will accuse France of abandoning the country after a century and a half of colonial humiliation.

President Zeroual may have "slapped down" Mr Chirac at the UN but he has his own connections within the French administration. During his six months at French military



President Zeroual: Has his own links with France

college in Paris during the mid-Seventies, the future General Zeroual was a close acquaintance of a young French officer called Christian Quesnot. General Quesnot is now adviser on military affairs to Jacques Chirac (as he was to President François Mitterrand). Nor have Algerians failed to notice that Charles Pasqua, the French former interior minister whose disaste for fundamentalists rivalled that of the Algerian top brass, is again a welcome visitor at the Elysée Palace.

Will President Zeroual's electoral victory persuade France to give more support to the Algerian military? Or will Mr Chirac content himself with statesmanlike advice about the greater need for dialogue through strength?

"The French will never know how to treat us because they do not understand us," a young Algerian businesswoman claimed yesterday. "I watch French television every night – we all do – to find out how they are distorting the news from our country."

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A SPECIAL REPORT

MOBILE COMMUNICATIONS

It's good to talk if somebody else is paying

STEVE HOMER

At last the Government looks set to do something about the mushrooming problems of mobile phone crime. Around 12,500 mobile phones are stolen every month according to the Government. Phone fraud and mobile phone crime is costing British industry £100million a year according to the Department of Trade and Industry.

The biggest problem is phone cloning. This only affects the older analogue phones but these still make up the majority of the phones in use. With analogue phones, along with the phones subscriber number, a secret handset code number, known as the Electronic Serial Number (ESN), is also transmitted. The telephone exchange receiving the call from your handset reads your phone number and then checks to make sure that the ESN matches the number of the phone you have.

Phone fraud and mobile phone crime is costing British industry £100million a year

"The criminals probably employ as many scientists as we do," says David Savage, Chairman of the Federation of Communications service. "Ten years ago we did not think it was possible to change an ESN. How wrong we were. You just cannot tell what is going to happen in the future."

But the fact that digital phones cannot be cloned does not mean that they are not worth stealing. While the smart card used by these phones to access the telephone system can be quickly switched off, at present most networks cannot detect if the phone itself is stolen.

Vodafone has taken things a bit further than this. On some newer phones it is possible to put in an extra level of checking. Each time a call is made the network issues a quasi-ESN which the phone stores. On the next call the exchange checks both the ESN and the quasi-

Before the 2110, all mobile phone connections to computers were analogue. This was a hit like a dog walking on its hind legs – the impressive thing was not that they could do it well, but that they could do it at all. The best stab at this was made by Compaq which produced the SpeedPaq modem for connection to Nokia and Motorola analogue phones. This and other analogue solutions provided a theoretical speed of 14,400 bits per second and a practical, unreliable 1200 bps.

Computers are digital beasts and so interface very much

Wander into a mobile phone shop and you will be presented with up to 80 handsets and enough options on tariffs to fill eight pages of a magazine. Add in the complications of six different networks and local variations and you will soon realise that you have a major task on your hands when it comes to choosing the right one.

The problem needs to be broken down in stages. First, look at where you need to use the phone, then when you need to use it and, finally, how often.

The UK is spectacularly advanced in the cellular industry. Engineers from other countries come over here to find out how we do it. Early competition is the answer. When Cellnet and Vodafone launched in 1985 they were forbidden by law from dealing direct with customers. Instead a middle wholesale tier was created. These people are known as Airtime Providers or Service Providers and have the job of taking the bulk bills sent by the network, making sure the right person gets the right bills and, after adding a margin, collecting the money. If you don't pay they cut you off: the terms "money" and "old rope" spring to mind. This is an industry where Vodafone will have made more money in the time it took you to read this sentence than you will spend on lunch today.

Cellnet and Vodafone had

so faced the opposition of first Mercury One 2 One and then Orange. This meant they had better coverage and were seeing a return on investment with which to fight the new networks. To give Mercury and Orange a helping hand the Government allowed the new networks to sell direct. This is why you see phones sold by Mercury and Orange but not by Cellnet and Vodafone. The old networks sidestepped the "sell-direct" legislation by setting up their own service provider divisions – Call Connections and Vodac among others, but the end result was one of marketing. You can now buy cheap phones, funded by the marketing budgets of Cellnet and Vodafone, which cost more to run, or a more expensive phone from Orange or Mercury, which are somewhat less subsidised.

Until September 18th,

Mercury offered free calls in the evenings as a major selling point.

This has now been

revised to weekends only, but

existing customers still have free

calls in the evenings. Under the new tariffs Mercury has

followed Orange in billing by

the second, as the fixed line

phone companies now do.

Cellnet and Vodafone bill by

the minute or 30-second

interval; although this is at the

discretion of the Service Provider and some, such as Cellcom, offer shorter billing periods.

There are differences in the technology between Analogue, Digital GSM and Digital PCN, but none of these are substantial compared to the cost of running the phone. The PCN system used by Mercury and Orange may be significantly cheaper to run. Orange claim that on average their phones cost £20-a-month less on a "typical bill" than their rivals, and will save heavy users even more. Orange won't say what a typical bill is, but *What Mobile and cellphone magazine*'s research shows that it refers to a £50-bill which consequently will cost £30. Orange recently ran a campaign to poach heavier users by offering a free car kit, if you could produce regular bills showing that you spent over a certain threshold on your Cellnet or Vodafone lines. This promotion was very successful and we are likely to see more.

Vodafone is the only network not advertising on television, and the four networks between them will spend in excess of £25m this Christmas. Add in the significant advertising of the likes of Carphone Warehouse, Peoples Phone, Ericsson and Motorola, and we are likely to

see so much in the way of phone promotions between now and Christmas that everyone will be sicker of ringing tones than they are of turkey sandwiches come New Years Day.

Having been driven into the mobile phone shop you will probably be hopelessly confused as to what to buy. The important thing to remember is that whatever you get, mobile phones are still quite expensive. Expect a phone to cost you over £500 in the first year. This makes them a very poor Christmas present. The best bet is probably an Orange phone which costs £150 and is cheaper to run, but still means that unless you undertake to pay the bill yourself, you are still buying your nearest and dearest a liability of about £350 next year.

Look very carefully at the tariffs and also look at the extra costs. Phone theft is rife and insurance is necessary. Barclaycard has a new scheme with Cellnet which offers an excellent phone for £49.95 on one of the less expensive GSM tariffs and includes insurance. But generally you should take out a separate policy and never leave a phone on a car seat.

When buying a phone look at the availability of accessories. You should also look at the battery life and ringer volume. Weight is usually a trade-off against battery life, but with most phones now weighing less than 250g they should all fit in a jacket pocket.

Simon Rockman is the editor of *What Mobile and cellphone magazine*'s

A phone is not just for Christmas



A Presidential reception: Bill Clinton ironed out some problems while he is away from the office. Photograph: AP

Which is the best set to use with a computer?

SIMON ROCKMAN

No man is an island, unless his e-mail connection is down, in which case he's adrift without a propulsio device. The obvious solution is a mobile phone. Even in the middle of the Channel you should be able to get an electronic lifeline. A year ago there was only one sensible answer to the problem of connecting a mobile phone to a computer: The Nokia 2110. Today, there is a lot of competition among phones which have the capacity to connect you to your computer.

Before the 2110, all mobile phone connections to computers were analogue. This was a hit like a dog walking on its hind legs – the impressive thing was not that they could do it well, but that they could do it at all.

The best stab at this was made by Compaq which produced the SpeedPaq modem for connection to Nokia and Motorola analogue phones. This and other analogue solutions provided a theoretical speed of 14,400 bits per second and a practical, unreliable 1200 bps.

Computers are digital beasts and so interface very much

better to digital mobile phones of the GSM and PCN type. The connection is not through a modem but a data adaptor – the actual modem is built into the phone network. All the systems currently available use PCMCIA data cards which can plug straight into most notebook computers.

There are several systems on the market. Market leaders Motorola have a data adapter which works with the GSM version of the Flare and the 8200 phones. There are data cards from Motorola, Connexions and Mitsubishi, but the phones only support a 2400 bps

transmission rate. A new phone, the 8400, will be available shortly which supports 9600bps.

A second phone with the slow-speed blues is the Ericsson GH1337. In all other respects this is an excellent phone, but existing phones need to be upgraded to handle data at 2400bps, and phones capable of 9600bps will not be available this year. However, the Ericsson is special in one particular way, it has excellent software which can be run on a PC to update and program numbers stored in the phone.

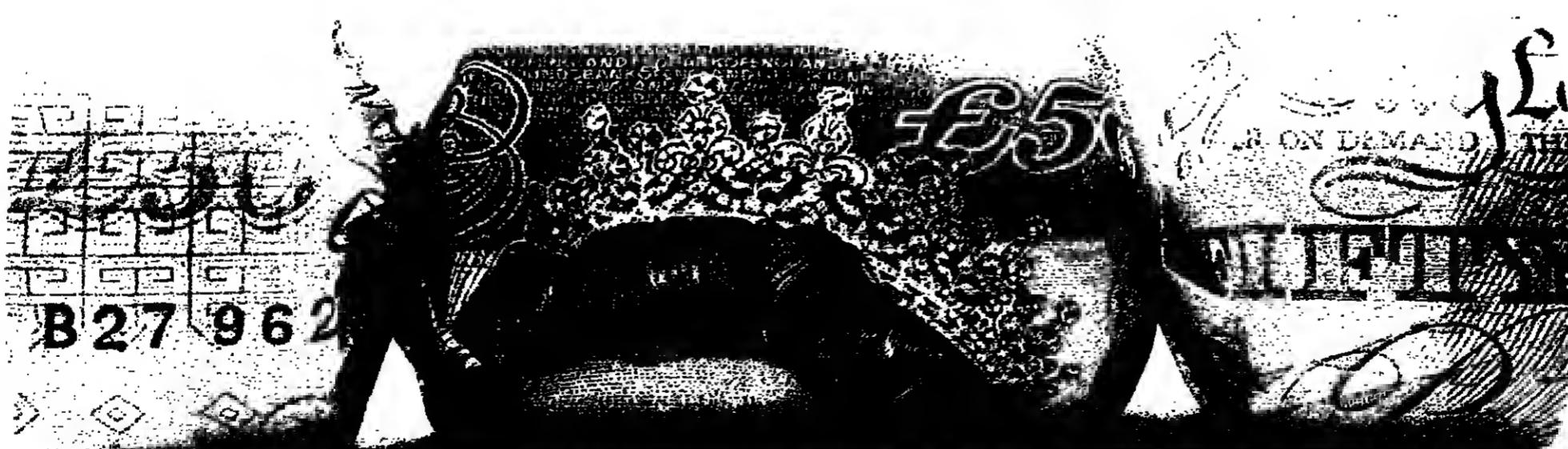
The newest system is from

Sony which uses the remarkable CM-DX1000 phone. This has an amazing battery life of over 50 hours standby. The interface card runs at 9600bps, so it sounds like the winning system, but there are two disadvantages. The first is price. The Sony card costs £649 and requires a £149 cable, and the second is that the Sony's 9600bps isn't as good as Nokia's. Both the Motorola and Sony cards use data compression in the card (known as transparent compression), the Nokia card uses non-transparent compression which takes place in the network, the result

is that the Nokia card achieves a better throughput. The Nokia card works with the 2110 on the Cellnet and Vodafone GSM networks and with the Nokia Orange on the Orange network.

What was the only answer to the question "what phone should I buy if I want to use it with my computer" is still the best answer. The phone will cost you around £180 (£149 for the Orange version) and the data card around £400.

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MOBILE COMMUNICATIONS

Roaming with GSM becomes the benchmark

PAUL QUIGLEY

"God Send Mobiles" was once the mildly frustrated mobile industry slogan for GSM (Global System for Mobile Communications), the pan-European digital cellular telephone standard.

Then, in 1992, the Single European Market had just opened and only three or four GSM networks had launched. The whimper with which GSM began across Europe caused great concern among operators mainly as a result of non-existent or interim type-approved handsets. By mid-1994, the GSM market had started gathering momentum as handsets became more widely available. In order to drive the market, the GSM industry changed to "Good Sales and Marketing" in a bid to encourage operators to pay greater attention to their marketing methods.

Existing GSM operators and new competitors invested heavily in widening coverage and extending services and today, with over 10 million GSM users worldwide, the rate of subscriber growth is accelerating faster than ever.

Mobile Europe, a leading trade journal, predicts the European GSM market alone will grow to over 80 million users by the year 2000. Key to this continuing exponential growth is the augmentation of GSM data communications capabilities, enabling standard computer applications as well as industry-specific applications to slide off the desktop and into the pocket or notebook computer.

The way ahead was clear, it had to be mobile data

The first was a 16 per cent increase in the number of customers' calls managed per day, and the other was a 3 per cent reduction in the time spent at a customer site. These savings represent a large increase in an engineer's efficiency" says Birch. "DataMotion was a one-stop shop for products, services and consultancy and although it is possible to buy the disparate products and services from individual companies, Mercury has brought these together in a single solution. We gain flexibility, easy management and a professionally operated partnership."

With the rise and rise of mobile computing, sparked by the popularity of portable PCs and personal digital assistants, such as the Psion Series 3, the Hewlett Packard 200LX, Apple's Newton MessagePad and others, the way ahead was clear. It had to be mobile data. Moreover, this convergence of GSM cellular data and portable computer power had to be linked to a plug-and-play capacity without the need for a third black box that would turn the user into a die-hard gadget joggler.

This key enabler has arrived in the form of the so-called "PC-card", a credit card-sized modem which slides into a slot in the side of the portable PC and connected by a short cable to the base of the GSM handset. These PC-cards (an abbreviation of the more cumbersome nomenclature PCMCIA (Personal Computer Memory Card International Association)) are veritable portals to GSM data world, acting as conduits to a multiplicity of online services, email, fax and file transfer. PC-cards are now available from a variety of manufacturers for a wide range of phone brands. First to market last year was Nokia's cellular data card, but the market has opened up widely to several other competitors, including Communicate, a specialist UK vendor of small form factor modems. Communicate are active in the OEM market as well as selling directly, and are making a significant mark in the GSM data field with several unique product features. In a wide range of PCMCIA modems, not only does their "GSM Plus" card enable cellular data transmission up to 9,600 bits per second, but it also doubles as a conventional land-line PSTN modem, operating at speeds up to 14,400 bits per second. This flexibility allows the user to exploit the fallback potential of

already established within Europe, the Middle East, Africa, Australia, Asia and now the US. GSM is fast becoming a global standard. Currently, there are some 69 countries operating GSM networks, each a signatory to the GSM Memorandum of Understanding (MoU), with extensive commercial "roaming" agreements in place, allowing the mobile user to communicate to and from different countries while receiving one bill from a single source. International roaming enables GSM users to use their digital phones while on the move outside the 'home' network.

Roaming is not a cheap facility and tariffs for GSM services outside the UK vary greatly. Nevertheless, in the business marketplace, the option to use GSM's extended data capabilities can mean the difference between success and failure.



Apple Newton: keeping it all simple

Photograph: Kalpesh Lathigra

Pocket systems herald a change

STEVE HOMER

Sending and receiving data used to involve some pretty chunky equipment. Today most people associate mobile data with a portable computer, but there are smaller devices that do the job in even more interesting ways when connected to your mobile phone.

For example the recently relaunched £400 Newton MessagePad from Apple. This has a loyal following of users in specialist fields. One magazine distribution company uses it to check up on sales of its titles in shops. All the employee visiting the shop has to do is enter a few numbers into boxes and then tick the send box and, with a credit card-sized PCMCIA data card inserted in the side of the Newton, connected up to a GSM mobile phone, the data is sent to the head office computer in seconds.

What makes this type of operation particularly impressive is the flexibility of the two technologies operating together. All I had to do was plug the pieces together, change one setting in the modem options box and away it went. No complicated set-up routine, no new software needed. The only slight problem was that the MessagePad would insist on removing the initial area code which had to be put back manually for dialling with a mobile phone. But Apple says it has a

work-around for the problem. It is worth noting for all those Newton-sceptics out there that the handwriting recognition is much better, but it is still laborious entering long messages with the hand writing recognition system. Fortunately Apple has launched a separate plug-in keyboard for the Newton aimed squarely at people writing e-mail and faxes, which will set you back another £79.

Other hand held devices can also be successfully used to send data. The ZR 5000 from Sharp costs about the same as a Newton. It is even smaller and has the advantage of a built-in keyboard on which you can type, and a touch-sensitive screen on which you can write freehand but no character recognition. So with the Sharp you could type a fax and add in a handwritten diagram. Again the system uses a PCMCIA data card and GSM phone. The only problem here is that the card takes too much power from the ZR even with brand new batteries and so needs to be plugged into the mains. A little difficult if you are trying to send a fax from the 4.15 from Paddington. There is an extra battery pack available but that costs a whopping £109.99.

Finally I looked at the venerable Psion. While very popular among the cognoscenti, the Psion suffers from having gone its own way too early. While virtually every other hand-held device uses credit card sized PCMCIA standard add-ons, Psion has its own format and so, to date, there are no self-contained wireless fax modems available for it. A new release is a cable that will allow the Psion to plug into a Nokia GSM phone and send so-called SMS messages to GSM phones. SMS messages appear on GSM telephone displays like a pager message. At present the Psion system only works with Orange and Vodafone and whatever messages are sent can only be sent on one network — in other words you cannot send messages from an Orange phone to a Vodafone phone. While for most Psion users this will render the product of little use, (do you know which service your friends' GSM phones are on?) there are certainly vertical business applications, such as service engineering companies that may find the Psion SMS link useful.

It is early days for handheld data and it is very much a business rather than a consumer market. But this is an area that is in revolution. In the US devices like Sony's General Magic hand-held unit allow ordinary consumers to easily collect and send e-mail, go electronic shopping and seek out information. It is a good bet that within ten years pocket data communications devices will be as common in the UK as mobile phones are today.

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MOBILE COMMUNICATIONS

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Launch of new systems keeps pagers afloat

STEVE HOMER

Pagers have never really taken off in the UK. Despite efforts to make them sexy, they are still seen as a business tool, best suited to overworked doctors and plumbers.

But pagers have a lot going for them. They are small, unobtrusive and cheap. They can take messages for you when you cannot be disturbed and have much better coverage than mobile phones.

For the business world, the ability to broadcast a message to a whole group of people in an instant can be really useful. So, all is not lost for the pager. Sales are holding up well and two developments are pushing the market along. The "calling party pays" pagers, aimed squarely at younger, more impoverished users, and improved alphanumeric pagers.

Pagers come in many different shapes and sizes and the services vary. At its most basic the numeric pager displays just numbers—usually the number for you to ring back. But with a bit of lateral thinking pager users, particularly teenagers, have created a whole message system. 1402 means "I love you" (Valentine's Day), 925 means "I'm at work", 121 means dinner, and 999 means it's urgent. Add to that friends swapping private codes and the result is that the numeric pager can be quite eloquent.

And it is numeric pagers that have been at the heart of the calling party pays (CPP) system. Launched last year in the UK by Mercury and BT Mobile, with CPP the user just makes a one-off payment. The cost is

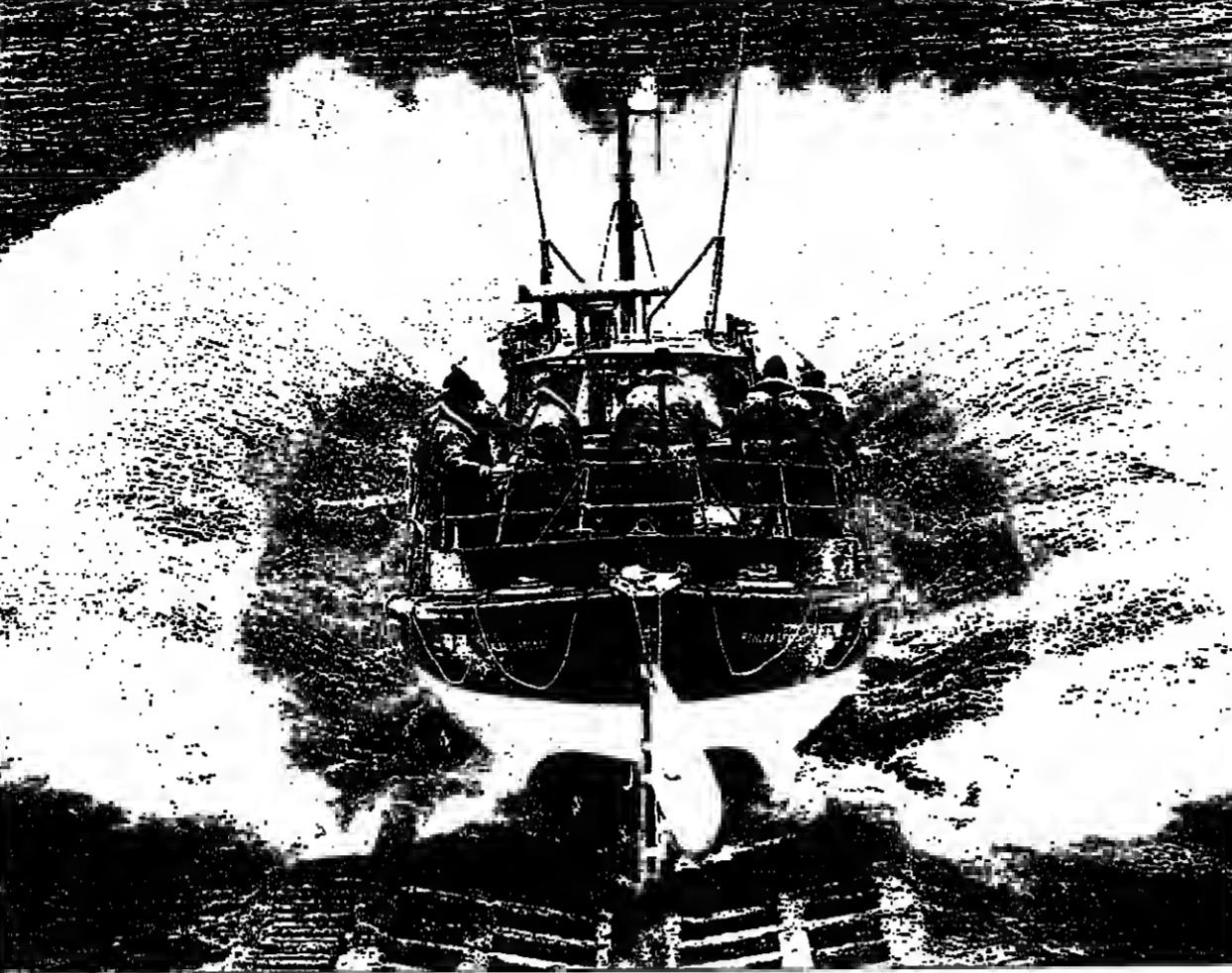
around £7.11 for the pager and from then on it's free. This is because when someone rings your pager number and is invited to tap in a message on a telephone keypad, they are paying for the call at around 30-40p per minute. This means they normally end up paying around 10p to send you a message.

Enough for the operators to make a profit. CPP could well be set for a second boost. Last month, BT launched what is believed to be the first alphanumeric CPP service in the world. With this you have to speak to a human operator who types in the message. The pagers cost around £110 and for the caller the service costs 55p per minute. The only disadvantage may be that friends stop sending each other messages once they discover the cost.

However the users are likely to be richer. While numeric pagers were aimed at the younger market, these new pagers are aimed at an older, more affluent customer. And just at the same time there are all sorts of jazzy, bright numeric pagers for the younger set and alphanumeric pagers are really beginning to carve an interesting market.

Typical of the top of the range is the new Philips pagers operated by Hutchison. They can store 99 personal messages. With a seven line display even quite lengthy messages are easy to read with over 20 words of any message easily displayed.

But while alphanumeric pagers can be remarkably useful they are anything but the end of the road. One of the more innovative uses of pagers



Scramble: Lifeboat crew and Search and Rescue teams can be alerted on a 'shout' in seconds with a pager

is a receiver for more complex operations.

In the last five or six years all sorts of systems have been developed to transmit data to pagers. Many companies now

use PC based packages to send messages to pagers. These messages are entered on the PC, as you would any ordinary word processing document. The recipients are selected

from a list and then the PC makes a telephone call to an automated pager "gateway". Here the pager company's computer interprets the message coming down the line and sends the page or pages entirely as normal. The only difference here is that there is no need to involve a human operator.

This system has all sorts of

benefits. Messages can be sent to a single engineer and if he or she does not respond within a certain set time, the message can be automatically sent again. This simple solution addresses the pager's biggest problem, that you are never 100 per cent sure your message has got through, although pagers are much more sensitive than mobile phones and will receive messages in areas where the phone will not reach.

The other way of using the system, is in broadcast mode. So you could select all the salesmen covering a certain part of the country and broadcast a message to them, be that to three people, 20 or 100. The message can go out in seconds and if, for example, there was an urgent problem, you could ask for anyone able to deal with it in a certain area to act.

Vodapage took this service one step further last month by launching a pager service where the pager itself can be linked into a PC so it can also be used as a personal organiser. With a massive memory, the pager can also be sent detailed background notes. In a rather neat twist, the sending party can even disable the alarm so if non-urgent background material is being sent, the recipient need not be disturbed.

But broadcast pager services have wider uses. Lifeboat crews and Search and Rescue teams can all be alerted on a "shout" in seconds, hospital employees can be alerted for a major incident with one preset operation, the possibilities are endless. But there are a host of other commercial broadcast operations.

Pagers can be used to keep abreast of the news, sports results and the stock market. Some services, such as Futures Pager, allow you to specify a number of stocks and if these move outside of preset limits, you are automatically sent news of the stock movement so you can decide to buy or sell.

Pagers continue to change and evolve. Benetton recently launched a very stylish pager made by Motorola aimed squarely at the young, trendy market. At almost the same time Vodapage launched a much less attractive pager—but its special quality is that it can be used in hazardous areas by people such as oil rig users (ordinary pagers could set off an explosion under certain circumstances if flammable gas was present).

And although the mobile phone continues to go from strength to strength, pager technology still has a long way to go. In the US several companies have launched two-way pagers that not only allow the recipient to send messages, but, because there is a return link, also allow the sender to know their message has got through. Then there are satellite-pager services that will eventually allow pager messages to be sent to the remotest parts of the world, and at last we are beginning to see pan-European paging taking off.

The humble pager may seem a bit ordinary next to all those flash mobile phones. But it is small, non-intrusive, easier to contact than a mobile phone and much cheaper. Apart from that it really does not have much going for it!

PAUL QUIGLEY

"Dear Santa, just a quick message to tell you how good I have been all year, and that I would really like a Pocahontas doll for Christmas. All my love, Gracie" says the message on the display of your GSM mobile phone. Sounds strange? Maybe so. Yet with the marriage of paging and cellular telephony, consummated with the arrival of GSM's Short Message Service, (SMS), a built-in paging-type add-on to the digital cellular telephone, such messages are now possible without the need to even finish a voice call. For the GSM and PCN user, SMS removes the need for a separate pager. SMS alphanumeric messages

If Santa is busy, his mobile can take the letter

are displayed on the LCD screen display of the GSM phone. Current SMS messages have a limit to the number of characters that can be sent and received in any one message, yet at a maximum of 160 numbers and letters, there is nothing to stop longer SMS transfers being spread over multiple messages. The fictitious Christmas letter to Santa, for example, is exactly 160 characters in length and demonstrates that the days of half-formed, truncated and obscure paging text messages are truly a thing of the past.

However, SMS is a value-added feature of GSM rather than a direct replacement for paging. The market for paging-only products and services is unlikely to be immediately threatened by SMS as there is always the cost and size advantage of pocket pagers over full-blown GSM cellular subscription.

The appeal of SMS lies in its ability to work in parallel and independently of voice calls. SMS messages can be composed on the GSM terminal's keypad directly and sent to other GSM subscribers, either individually or broadcast

to multiple recipients. Additionally, Nokia have launched a software product called CellularWare, a Microsoft Windows application which enables users to access their Nokia GSM phone via Windows' Telephony Application Programming Interface (TAPI) and an RS232 serial cable interface so that all the functions of the GSM handset are available from the computer keyboard. SMS messages can then be composed in the same way as sending e-mail or fax documents. The potential for new third-party value-added

resellers and "content-providers" to enter the SMS market, offering bespoke information broadcast services such as stock prices, traffic, weather and news services is great.

Cellnet are set to launch their SMS service over GSM at the annual TMA show in Brighton next week. The BT Securicor cellular operator are targeting their SMS offering at both the corporate market with local area network (LAN) integration as well as standalone PC-modem links for the Small-Medium-sized enterprises (SME) and SoHo (Small

office/home office) markets. Cellnet also see the potential for SMS to be used to alert GSM mobile phone users within a corporation of incoming e-mail messages on the company LAN. Additionally, the cost-effectiveness of dial-up access from the desktop makes SMS an attractive option over conventional voice messaging or "calling party pays" (CPP) paging messages.

Nevertheless, advances in paging technologies are making life tough for current SMS, particularly in the area of CPP methods, where there are no

page subscription tariffs for the user. The trade-off depends on who is doing the calling and who is receiving. Next generation paging systems will offer "two-way" messaging capabilities.

Already in France, for example, three new digital European Radio Messaging System (ERMES) networks have been launched which have the ability to immediately respond to page messages. In the US, narrowband personal communications services operator SkyTel is already making great strides in the marketplace with two-way, boasting "can

your pager do that?" With such two-way capabilities, pager users can acknowledge receipt of messages by pressing a button. SMS, on the other hand still requires the GSM phone user to either initiate a voice call to acknowledge the message or compose a separate SMS return message. The difference is SMS is available today in the UK and most of the other commercial GSM and PCN networks, whereas ERMES systems have yet to be launched. In a bid to demystify the often "user-unfriendly" nature of GSM jargon, Vodafone has even called their SMS service "TeleNote". Santa will be receiving many more "telenotes" over the next few years.

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THINKERS OF THE NINETIES

After the end of history, what next?



The soundbite was simple but, says **Bryan Appleyard**, there is more to this man than right-wing triumphalism

The end of the Cold War in 1989 was also the end of the defining struggle of the 20th century – the confrontation between democracy and totalitarianisms of the right and left. Fascism had been militarily defeated in 1945 and, 44 years later, communism was economically, politically and culturally overwhelmed.

On the one hand democracy had prevailed over the irrational, pre-modern racial and nationalist supremacism that was fascism. On the other it had defeated in communism a rational, modernist ideology, a quasi-scientific approach to the organisation of society. Liberal democracy found itself, startled and uncertain, in the position of total victory.

But what did this mean? Was liberal democracy right or simply more effective? And was its victory permanent or merely temporary? In 1989 there appeared one extraordinary answer to these questions. We had reached the end of history.

Francis Fukuyama published his short essay "The End of History?" in the conservative Washington journal *National Interest*. Fukuyama was an obscure "policy wonk" associated with the Rand Corporation and the State Department. But almost at once he became one of the most debated thinkers in the world. Two years later he published a book-length version of the argument called *The End of History and the Last Man*. And this year he broadened his approach and significantly modified his argument with his book *Trust: the Social Virtues and the Creation of Prosperity*. He is now widely accepted as the most influential and certainly the most famous commentator on global political and economic conditions.

The huge impact of the original essay can, initially at least, be ascribed to the sensational title and the superb timing. The title gave an instant soundbite debating point and the timing meant that here was a philosophical message that was right on the nose of the mighty news. The Berlin Wall had once looked eternal, its destruction did indeed look like the end of history.

But there was more to it than that. For Fukuyama was not just topical, he was also good – good enough to have defined the central macro-political debates of the 1990s.

The intellectual starting point of his End of History argument was his revaluation of the philosophies Hegel and Nietzsche. Both had been partly discredited by their association with totalitarianism. Hegel was said to be the

forerunner of communism and Nietzsche of fascism. As a result, certain vital elements of their thought had been effectively dismissed from respectable debate.

Fukuyama resurrected the Hegelian view that there is a direction to history. Communism had abused this idea by inventing a historical direction which, though Hegelian, was palpably not true. But Fukuyama argued that scientific knowledge, because it could not be lost, only accumulated, had introduced a definite direction, a movement towards ever higher technological capability. This movement had led, he argues inexorably towards capitalism and liberal democracy. It was, for example, American micro-electronics that threatened to render obsolete the entire Soviet arsenal and thereby accelerated the fall of communism.

From Nietzsche came the idea of human aspiration as the pursuit of recognition. This was in contrast to the pursuit of survival and economic self-interest that had dominated Western thought since Hobbes and Locke. The First Man – a mythical figure at the beginning of the historical process – was not primarily seeking wealth, he was seeking affirmation of his identity and worth. Whereas the economic First Man will always compromise in the name of survival, the Nietzschean First Man will press forward towards recognition, the Hegelian process.

Liberal democracy encompasses this drive and provides the climax of the historical process. Once communism had fallen, there was no competing source of legitimacy left in the world. Clearly history would go on in that ancient struggle had to be played out – as in former Yugoslavia – but history, in the sense of a conflict between big ideas, was over.

Fukuyama was attacked by many as being little more than a State Department propagandist, providing intellectual respectability for Republican and Tory triumphalism. But in his book-length version of the argument, it became clear that his message was not crudely optimistic. He believed there were significant human problems with the ending of history. Once the long struggle for recognition had ended, or, at least, been defused, what was there left to do? Would the Last Man be little more than a passive consumer, devoid of spiritual depth? Would he, as Nietzsche put it, be a "man without a chest"?

These doubts made the whole argument more convincing. The simple spectacle of the liberal democracies standing triumphantly at the end of history had conflicted with the

No 2:
**FRANCIS
FUKUYAMA**

"There is no other source of legitimacy in the modern world than liberal democracy"

CAREER: Francis Fukuyama was born in 1953 in Manhattan of Japanese parents. He studied classics and then comparative literature at Yale. He studied in Paris under Roland Barthes and Jacques Derrida and then went to Harvard, where he specialised in Middle Eastern and Soviet politics. He worked for the Rand Corporation in California and then, for two years, was on the White House staff under Ronald Reagan. He has been deputy director of the State Department's planning staff. He has since returned to the Rand Corporation.

WORK: His essay "The End of History?" appeared in 1989 and was followed by the book *The End of History and the Last Man* in 1992. *Trust: the Social Virtues and the Creation of Prosperity* was published this year.

LIFE: He is married and has a daughter.

CRITICS: His work has been attacked as American propaganda, a triumphalist celebration of victory in the Cold War. The End of History theory was dismissed by many as naive and *trust*, his most recent book, as vague and contradictory. Michael Ignatieff damned Fukuyama's bland, long-winded style as being "like a fat man trying to get a glimpse of his shoes".



PRIESTLEY

West's own view of itself. Uncertain and riven with internal conflicts, the victorious nations did not, in 1989, necessarily feel victorious. To point out that the end of history might well be marked by a spiritual vacuum made human sense; it seemed to be observably true.

But the problem with the argument was that it tended to present the world as being relentlessly smoothed out into one featureless liberal democratic plain. Certainly one could say that this ideal had triumphed in the sense that it was globally perceived as the only possible form of political legitimacy. And certainly one could hope that the pattern of the last 200 years would continue – no two liberal democracies have ever gone to war. But there seemed to be huge local variations in what precisely the ideal meant and how effective it was in application. It made nations richer, but it made some richer than others. And the social costs of that wealth also seemed to vary enormously – from peaceful, low-crime Japan to violent, high-crime America.

In *Trust*, Fukuyama addressed these cultural variations. Success in the operation of capitalism could best be achieved by nations with high cultural assets, the most important of which was trust. An ability to extend trust throughout a society is essential for the building of the large corporate units of modern capitalism. Amer-

ica, Japan and Germany have high levels of trust; France, Italy and China low levels.

The importance of this argument is that it distances Fukuyama from straightforward free market conservatives. The free market, he accepts, is essential but only accounts for about 80 per cent of the story. The remaining 20 per cent is cultural, and trust lies at the centre of this cultural requirement. This new argument means that Fukuyama cannot simply be dismissed as a hard conservative triumphalist or as a crude deterministic propagandist for liberal democracy. He sees that, even if the broad systemic arguments are over, there are still huge variations and tensions to be understood.

But the peculiarity of Fukuyama as a thinker is that precise agreement or disagreement with his argument is not really the point. His long, baggy and blandly written books are more like environments or databases than conventional, linear expositions. In these mountains of analysis, local insights might prove to be more significant or persuasive than the general argument.

So, for example, one of the most important aspects of *Trust* is the way it detonates the myth that the Asian economic boom is based upon a mass of culturally homogeneous nations. In fact, he shows that Asian states vary as much or more than Western. China is a chaotic, family-centred society, Japan is

a disciplined, group-centred society. Korea lies somewhere between the two. And so on.

This may seem a simple and, to anybody who has visited the countries, obvious point. But it is one that is repeatedly missed in the crude arena of public debate. Fukuyama's gift is to see it, explain it and make it stick in the mind of the reader. Even his bland, infuriously characterless prose works to give an impression of quiet authority. Information is being imparted rather than a thesis advanced.

Fukuyama's importance lies, therefore, as much in his role as a kind of massively informed footnoter and inspirer of public debate as in his role as a pure thinker. In the latter role his ideas function as hugely ambitious suggestions or possibilities rather than as hard, polemical positions.

The most telling criticism of his work is that it is too neat, too bloodless. It is a vast synthesis of data rather than experience. When he writes of China, for example, you are given a cerebral understanding of the place, but not the smell. He makes perfect conference fodder. On the other hand, the highest praise is that he, more than anybody else, has defined the big macro-political questions of the day: where are we going, how did we get here and how did we, of all people, win?

Next week: Samuel Huntington.

Illustration: Chris Priestley

Diary

RUTH DUDLEY EDWARDS

Last week I had a call from an Orange friend who out of curiosity had attended in Belfast the "Spirit of Dumfries" meeting, an event organised by the reddest of rednecks (orangeest of orangenecks?) elements within the Order. Their purpose was stoutly to oppose any attempts at modernising, compromising, reassuring Catholics or doing anything else that might have raised an eyebrow in the 17th century. My friend became upset when one doughty citizen – to widespread applause – began his speech with: "Tis a sectarian bigot and proud of it." Is it too late to revive Alf Garnett, equip him with sash and bowler and resite his sitcom in Portadown?

The spirit of Alf lives in Portadown

Though I greatly enjoy my friend Val McDermid's private eye series, as soon as she told me the subject matter of her new book, *The Mermaids Singing*, I assured her that nothing would persuade me to read it; I take no pleasure from being terrified. However, affection made me weaken and acquire the book and last Monday I addressed myself to it gingerly and was gripped by page two. Four hours later I was on the last page and had turned into a quivering wreck; twice I had failed to respond to the doorbell lest I be confronted by a psychopathic torturer. I read the last sentence with some bewilderment and rang Val in order tactfully to ascertain if by any chance a page had been left off the end.

Through a red haze, she told me that only that afternoon she had discovered that in an absent-minded

were the lives of freelance left-wing journalists. She cited one unfortunate who was forced to subsidise his principled journalism by writing travel articles; recently he had had to waste his time travelling first class to Japan. Alias, the materialism of the Eighties appears to have left its mark on the brotherhood, for her tragic tale elicited the heckle, "I'll do it," and the audience dissolved in laughter.

On Wednesday, with another journalist, I was on an after-midnight radio programme with three MPs to discuss an alternative Queen's Speech. The Conservative Alan Duncan has argued forcefully in print for decriminalising drugs, but as he is now a PPS he can no longer dissent from party policy and had to leave me to argue the case alone; he had been, as the presenter, Vincent Hanna, put it, "Clareshorted". This useful new verb means that if you want to avoid the sack you may doggedly have to refuse to state the views everyone knows you have. As Tony Walton explains:

Clare Short
Had to be taught
In the belly of the whale
You mustn't inhale

I've never heard of this kind of thing happening before," snarled Val. "Seems sinister. Why all of a sudden? And only to us?" Because we're all on the Crime Writers' Committee?" I proffered. "Perhaps there are enemies of the genre about? Romantic novelists, perhaps?" Those responsible should be warned. I murder my people pretty humanely, but Chaz's victims have a hellish time and these days, Val's die screaming.

A socialist mole reported on a meeting in Euston Square to discuss 25 years of radical journalism, at which the 300 strong audience was addressed by inter alia Channel 4's Darcus Howe, who spoke reverentially of the merits of "Minister Farrakhan" and Hilary Wainwright, whom the mole described as the non-conformist La Passionnaire of English left-wing politics. Wainwright told the audience sadly of how hard and financially unprofitable

looked at him dubiously, imagining the sameness of the audiences at universities and cultural centres. "Who's next?" I asked. "On Monday," he said happily, "I'm reading at Broadmoor in the morning and Eton in the evening."

In a fit of petulance, the US blocked the appointment of Ruud Lubbers as secretary-general of Nato, so naturally France has savaged the other declared candidate, Uffe Ellemann-Jensen. Bishop PC Rodger comments wisely: "When members of Nato get stuffy it's easily misunderstood. Why the French become huffy with Uffe and Americans rude about Ruud.

And David Shields has composed a cliché for viewers of *The Final Cut*: Each Sunday night, John Major is glued to the box, I'll wager, in his eagerness to work at emulating Francis Urquhart.

"Who wrote that?" asked Andrew Boyd about this dactyl concerning the admission of the first constituent of girls to an Ivy League campus:

Co-educational
Extracurricular
Heterosexual
Fun is in store.
If you lift the baying pack of correspondents that you have now mustered on to the scent, they will surely run it to earth and maybe even kill." Please do. And while you're at it, I want advice on how properly to describe the working readers of the column: "hounds" seems less than respectful.

Ace contributor Una O'Donoghue some weeks ago suggested "elves" – and some of you have picked up the theme in correspondence – but she became worried when she looked it up and found all sorts of dwarfish and malignant connotations. However, Brewer's *Dictionary of Phrase and Fable* says the malignant kind of imp is passé and has given way to those airy creatures that dance on the grass in the full moon, have fair golden hair, sweet musical voices, magic harps, etc. Well, delivers that sounds just as I imagine you all. Shall we go elvish?

Clareshorted, but still alive

At dinner on Friday night I asked Michael O'Siadhail how a full-time poet ensured he had something to write about. "I'm gregarious," he said. "And I draw a lot of inspiration from people I meet on my poetry reading tours here, in Ireland and America."

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For New Year, McEwens of Alloa - where else - have brewed a Hogmanay Ale (ABV 3.8), from Europe, Regal Christmas (ABV 9.0) and Blanche de Neige (ABV 4.5) from Du Bois. Also included are Wagie-Dance (ABV 5.0) from Wauz, a beer that includes honey in the name. Steel-Mitter (ABV 5.1) and Cambrian Ale (ABV 4.2) from Jennings of Cockermouth; Castle Special Pale Ale (ABV 5.0) from McMullen, and Freedom Lager (ABV 5.4), a true Pilsner beer brewed in London.

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Gordon Brown's early Christmas

Everyone loves tax cuts. Labour forgot that in 1992 and, as result, lost the general election. Gordon Brown will not make the same mistake again. As he explains opposite, Labour plans not to raise taxes but to cut the lowest rate from 20p in the pound to 15p or even 10p. There are two results: most people would get the same tax cut, but the lowest paid would feel the most benefit, so providing a fresh incentive for those on the dole to accept low-paid work.

In political terms, this is a bold move from the Shadow Chancellor. He achieves, at a stroke, a number of goals. Mr Brown has stolen the Tories' tax-cutting clothes, while at the same time making a gesture to Labour concerns of cutting unemployment and creating a fairer tax system. It will now be more difficult for the Tories to label Labour the tax-raising party. And, into the bargain, the policy also allows Mr Brown to recite the Nineties shibboleth of reducing welfare dependency.

But is it a sound policy? Can we afford it? Because Mr Brown spells out his long-term hopes rather than his immediate promises, he cannot fairly be accused of profligacy. But it would cost perhaps £6bn to cut the lowest rate to 10p. This is even higher than the £4.5bn that the Chancellor apparently wants to give away in his last-fling Budget. The markets think that figure is too high.

It also hard to square Mr Brown's ambitions with Labour's belief that state education and the NHS are underfunded and that the Government should encourage investment rather than consumption. All these problems cost money that must be found somewhere, probably from taxa-

tion. In short, it would be some time before a prudent chancellor could make Mr Brown's tax-cutting dream a reality. That said, his proposal would help some people out of the welfare poverty trap. It is ridiculous that those on low earnings are so heavily taxed that it is hardly worth their while working. Two-thirds of jobs offered to the unemployed pay less than £7,000 a year: the more of that they can keep, the more they will opt for employment over the dole.

There are, however, more effective ways to lift people out of the unemployment trap. Generous in-work benefits are more efficient than general tax cuts, which also throw money at the rich (although Mr Brown seems to hint that their tax gain might be clawed back). But extra welfare spending is off the agenda: Mr Brown knows it is a vote loser. So, largely for populist reasons, he has avoided the most efficient and cheapest option for getting people off the dole.

In short, Labour has spotted a political opportunity and developed an economic policy which, though too expensive to be fully implemented now, could prove popular and do something to bring more people into the jobs market. An expansion of the labour pool would also help to reduce the risk of wage inflation if the economy boomed.

But there is a whiff of political short-termism about Mr Brown's package. The danger is that Labour, fearful of being outflanked by a desperate government, could be as unrealistic in its ambition to reduce taxes as it traditionally has been about increasing state spending. The Shadow Chancellor must keep his feet firmly on the ground.

No absolution for war crimes

The signing of a peace agreement by the warring parties in Bosnia will be welcomed with a sigh of relief across Europe. But a peace deal is only the first step. Building and keeping the peace will require careful navigating through a minefield of passionate recriminations. One of the most difficult questions is what to do with those who committed the most vicious and brutal crimes of the war.

More than 50 men have been indicted on war crimes charges by the UN tribunal in the Hague. Only one is in custody. Two of them, the Bosnian Serb leader, Radovan Karadzic, and the military commander, General Ratko Mladic, have been charged with genocide and crimes against humanity for the massacre of up to 6,000 Muslims near Srebrenica. A Bosnian Croat general, Tihomir Blaskic, has also been indicted for killing Muslims, but Croatia's President Franjo Tudjman has given him a senior position and a safe haven in Croatia.

Faced with the same problem after the Second World War, the Allies prosecuted Nazi war criminals at the Nuremberg trials, which began exactly 50 years ago today. But parallels between these events and the situation in former Yugoslavia are limited. After the Second World War, the German and Japanese regimes were overthrown and rendered incapable of further resistance. The victors could – and did – dispense their own justice.

Bosnia is different. No one side is able

to dictate the terms of peace. Indeed, the pursuit of war crimes could make it harder to end the war: if those responsible for genocidal slaughter fear incarceration or worse, they may be less willing to settle the conflict.

But important principles are at stake as they were at Nuremberg. If the new Bosnia is to survive, it must, from the start, recognise publicly the horrors that have taken place. It cannot simply turn a blind eye to the deaths of hundreds of people who were murdered in cold blood.

Malcolm Rifkind and the US peace negotiators must stick to their commitment that peace should not be made at the cost of letting war criminals go free. Whatever the nature of the accord struck, it must not include an amnesty for those guilty of the worst war crimes in Europe since the fall of Nazism.

Such a policy need not stand in the way of peace. So far, the indictment of Mr Karadzic and General Mladic has not held up proceedings in Ohio. In fact, it is unlikely that the accused will stand trial in the near future: they are safely hidden away in friendly territory. Only pressure from the major powers will convince Croatia and Serbia to hand them over.

Justice will come only slowly for those who committed war crimes. But as survivors of the Holocaust have demonstrated, the struggle to achieve it must go on. This is the least that the peacemakers owe to those who died so savagely.

ANOTHER VIEW Kevin Watkins

Whose property is life?

Where is it going to stop? Last week, the US government quietly patented the DNA of a man living in the remote north of Papua New Guinea. Today, the European Patent Office decides on whether to confer Harvard University intellectual property rights in a genetically manipulated mouse. Slowly, unobtrusively, behind a dense fog of technical arguments, the laws of genetic life are being revolutionised.

The rise of the biotechnology industry over the past two decades has provided the impetus behind the change. Powerful pharmaceutical and agro-chemical companies have argued that without intellectual property protection, they have no incentive to invest in genetic modifications that could save lives and enhance farming productivity.

Through their influence over Western governments in the last GATT round of trade talks, these companies have created a globally enforceable intellectual property code. They are now working on overturning national legislation which prohibits the extension of that code to generic materials, like DNA.

For these multi-billion dollar corporations the stakes are high. The world market in bio-tech products will be worth \$50bn by the end of the century. Intellectual property is fast replacing capital and production as the key to top profits.

Few people deny the importance of such research to combat genetic disease. The DNA in the Papua New Guinea cells may confer immunity to carriers of the

virus that causes leukaemia – hence its vast commercial potential.

Genetic property rights, in effect, provide their owners with a monopoly for up to 10 years. But what happens if corporate interests dictate that such materials be withheld from the market? Or be used to maximise profits rather than alleviate suffering? Alexander Fleming opposed the patenting of penicillin on precisely these grounds. And, more generally, do we really need faster-growing pigs and cows that provide five times more milk on Western farms, which, with taxpayers' subsidies, already over-produce?

There is also the question of legitimacy. More than 90 per cent of the germ plasma used to develop high-yielding seeds in Western laboratories derive from seeds developed over centuries by peasants in the Third World. Unlike "gene-bunting" transnational companies, these peasants will be unable, under the new laws, to claim patent rights for their discoveries.

Ultimately, what is at stake is a fundamental question about human rights and ethical values. Should life be regarded as the property of all? Or can it be commercialised and commodified by unaccountable private interests and then subjected to the arithmetic of the marketplace? It is one of the greatest moral questions facing us. It cannot be left to lawyers and corporate executives to decide.

Kevin Watkins is senior policy adviser for Oxfam



LETTERS TO THE EDITOR

Dual entry for universities

From Mr Peter Davies

Sir: Regarding your article "Universities devise new entry system" (17 November), they need to. Not only are the majority of A-level predictions wrong, but admissions tutors are forced to play an absurd guessing game of precisely matching target figures, with financial penalties for errors in either direction, on the basis of teachers' predictions. Moreover, every year some small percentage of students arrive at university without quite knowing why they are there, or whether they are reading the correct subject, because they have conformed to either parents' or teachers' expectations.

However, the proposed new system seems to combine the worst features of both normal entry and clearing. The first phase will still be based on guesswork and presumably this will account for the majority of places, the second phase after the results are known will closely resemble the present clearing system.

A better system might be to take advantage of the modular and semester systems which seem to have been imposed on the majority of universities and to have two entries each year. It could well be beneficial to students if there had to be at least a six-month gap between leaving school and entering university. This might allow them to reflect on their choices and make better decisions. Entry could be timed for semester I or semester II, with two periods of graduation each year. As modular courses are intended to stand alone and be completed within a semester, and there are currently two examination periods each year and two

graduation ceremonies, it would take relatively little reorganisation to implement such a system.

Departments would be able to make their offers on the basis of known results to students who had the chance to decide what they wished to read. University administrators would be able to spread their work-load over a longer period, and graduates would be released on to the labour market in two batches. A dual entry period would appear to offer advantages to students, departments, admissions tutors, university administrators and the community at large.

Yours sincerely,
PETER DAVIES
Department of Psychology
University of Leeds
Leeds
17 November

From Mr Neil King

Sir: A-level grade predictions are currently made up to a year before students take the examinations, and require that teachers choose from seven possible grades. Anyone who works with sixth-formers knows how volatile the performances of this age group can be.

It is a remarkable tribute to the judgement of teachers, not, as Tony Higgins of the Universities and Colleges Admissions Service (UCAS) reportedly says (in your article of 17 November), that 65 per cent of predictions are wrong, but that 35 per cent are spot on.

Yours faithfully,
NEIL KING
Director of Sixth Form
Hymers College
Hull
17 November

Family planning helps Third World

From Ms Harry Stoops-Roe

Sir: I much appreciate Emma Brooker's report on our conversation ("Sex, libel and eugenics", 17 November). But there was one point where she over-simplified what I said. As the issue is important, I would like to explain.

I said that the family planning being done by Marie Stopes International (continuing my mother's work now, in ways relevant now) is a practical contribution to a complex problem (namely, Third World development); I did not say a "practical solution" to a straightforward problem". There is a growing attack by certain elements in the Third World movement against the importance of family planning; and one of their grounds for attack is the claim that some supporters of family planning press it as the solution. I, and those I know, certainly do not.

There are 100 million couples in the Third World who have no proper family planning services, which is causing untold tragedy.

Many hundreds of thousands of Third World women a year have non-medical abortions, often suffering the attendant morbidity and death.

These are personal tragedies. The community also suffers. Every addition to a country's population requires addition of capital to provide corresponding education and health care, and as the child reaches maturity further additional capital is required. All this must be provided out of whatever increase in GNP the country may achieve, thus reducing the GNP per capita available as income. Increased total food production yields a reduced per capita food production in nearly half the developing countries. Women's personal losses bear the brunt of the Nigerian maternity budget is wasted on complications from illegal abortions.

Certainly the developed world should support health, women's education, appropriate technology, etc; but family planning is very productive, too. Yours faithfully,
HARRY STOOPS-ROE
Birmingham

Churchill's papers

From Ms Perdita Hunt

Sir: I would like to put the record straight about the precise ownership of the Churchill Papers ("Dream machine that seduced a nation", 13 November).

As we emphasised at the time of the announcement, the Government-owned official or state papers within the collection, including Crown Copyright

where applicable, were not included in the purchase price. The price, paid by the Heritage Lottery Fund and J Paul Getty KBE, reflected the value of the private and literary papers alone. Yours sincerely,

PERDITA HUNT
Head of Communications
National Heritage
Memorial Fund
London, SW1
17 November

Nigeria: failure to learn from the Biafran war

From Mr Peter Cadogan

Sir: Nigeria is glutted with arms and has no war on its hands. The arms embargo, therefore, has to be a political joke. Had that embargo been imposed 27 years ago in defence of Biafra, it would have made sense; but the craven Commonwealth of those days just stood by and let a million die. Today's military dictatorship is the logical outcome of the failure of 1967-70.

Military government is the only way to hold Nigeria together. Without it the country would immediately split up. And so it should, if there is to be any justice and any democracy. "One Nigeria" is an alien imposition designed by Lord Lugard before 1914 as a military device to defend a territory sandwiched between competing French and German territories. It has no African political identity.

If the Commonwealth means business, it should declare an open conspiracy to help the democratic opposition in Nigeria to remove a tyrannical government guilty of judicial murder.

I remember in 1969, at the Commonwealth Conference in

London, the Prime Minister Harold Wilson saying that Biafra would not figure on the agenda but that he might discuss it over coffee. It is from that kind of horror that today's Commonwealth has to redeem itself if it is to have a future.

Yours truly,

PETER CADOGAN

London, NW6

14 November

The writer was secretary of the Save Biafra Campaign 1968-70.

From Mr Edward Poulton

Sir: It is disingenuous of Shell to inform us that revenues from the Nigerian Liquefied Natural Gas Project will not start flowing until early next century (advertisement, 17 November). The facts of Nigerian life are that, even assuming the oil company has managed exceptionally to avoid paying big commissions to representatives of those in power, any sub-contractors attached to this development can generate instant uncashed wealth for well-placed third parties.

But we should not yet abandon all hope; with luck, the secondary spin-off from this project might

just be enough to persuade Nigeria's military rulers that they can now afford to retire.

Yours faithfully,

EDWARD POULTNEY

London, SE18

19 November

From Ms Gilly McIver

Sir: I am a small shareholder in Shell, until last week dumbly unaware of the fact, and also a protester against President Obasanjo's treatment of those who oppose his regime. I have unwittingly got blood on my hands. I would like to sell, but will it change anything? Can I, with thousands like me, be more influential as an insider, however insignificant?

What can we do to pressure Shell into taking its moral and environmental responsibilities more seriously, and not only where it shows? Yesterday's astonishing decision to proceed with the Liquefied Natural Gas Project does not augur well ("Shell to go ahead with Nigerian gas plan", 16 November).

Yours,

GILLY MCIVER

London, N7

Building a police state in Britain

From Ms Lilli Matson

Sir: Reports of the Department of Transport's efforts to put a precise price on environmental issues as diverse as noise, air pollution and landscape degradation ("Minister aims to put a price on tranquillity", 14 November) give a depressing indication of how it may intend to treat its Great Transport Debate.

For too long the Department of Transport has made cost-benefit analysis the central pillar of its decision-making. Simply broadening the scope of this methodology, in a vain effort, to address a wider set of environmental issues, will do little to calm public concern that the decisions produced are the "right" ones.

Attempts to put a price on tranquillity or the beauty of a landscape have rightly been discredited in the past. With the best will in the world, they can never express the true value of these assets.

The DoT should abandon this wild goose chase and look instead for new ways of informing its decisions. These should rely more on involving communities in transport planning and assessing the environmental impacts of different transport options - cost-benefit analysis should then form just one part of the process.

Certainly the developed world should support health, women's education, appropriate technology, etc; but family planning is very productive, too.

Yours sincerely,

LILLI MATSON

Transport and Energy

Campaigner

Council for the Protection of Rural England

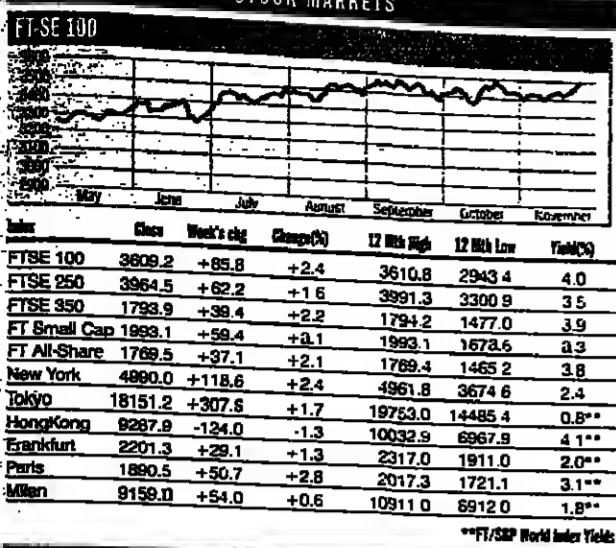
London, SW1

15 November

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MARKET SUMMARY

STOCK MARKETS

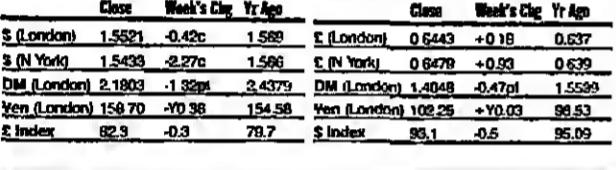
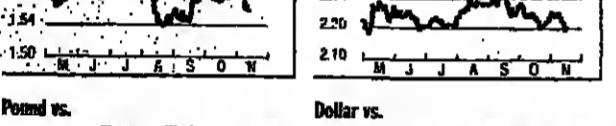
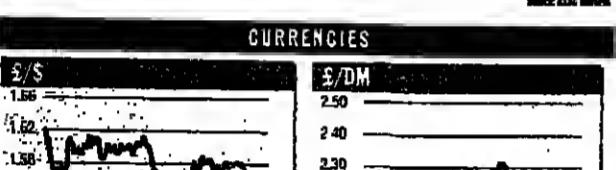
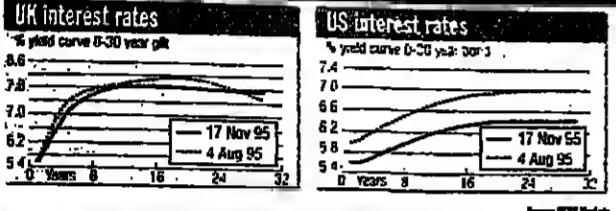


*FT/SMP World Index Yields

MAIN PRICE CHANGES

FTSE 350 companies					
Nikos - Top 5		Falls - Top 5		Week's % Change	
Price (p)	Week's Change (p)	Price (p)	Week's Change (p)	% Change	% Change
Wimpey 125	22	17.6	Tatlock Bros 21.5	2.3	10.5
Temico 93	12	12.9	Bund 179.5	18.5	10.3
Pilkington 200	25.5	12.8	Auto Wagens 192.5	17.5	9.1
MFI Furn 188	19	11.5	Recom 372	33	8.9
Redland 370	42	11.4	Rank Org 366	22	5.7

INTEREST RATES



IN BRIEF

Grid generating arm demerged

The electricity generating business of the National Grid Company has been demerged into the ownership of PSB Holdings, which will become majority owned by the 12 regional electricity companies. PSB Holdings has received 11 indicative offers for the operation and has selected US-based Dominion Energy, Misson Energy Corporation of California and Scottish Hydro-Electric to proceed to the final bidding stage. The demerger had been expected in advance of the £3.5bn flotation of the grid, which is scheduled for 11 December. The generating business, which will be known as First Hydro, operates two power plants in Wales based on "pump storage" technology, which produce power at times of peak demand. There has been speculation that the business could be sold for about £300m.

Leeson poised for Singapore return

Nick Leeson's eight-month battle against extradition finally ends this week when he will fly back to Singapore to face trial. Mr Leeson agreed last month to return voluntarily to Singapore after a long battle to avoid extradition. He fled there in late February just days before Barings was crushed under nearly £900m of losses from illegal derivatives speculation. He will stand trial on 12 charges, including falsifying accounts and deception. These carry a potential jail sentence of 14 years, but there have been growing indications in recent weeks that the likely outcome may be less severe. Mr Leeson's Singapore lawyer, John Koh, has had several meetings with fraud investigators, fueling speculation that there will be a deal being worked out that would reduce the number of charges.

Pet City publishes Aim prospectus

Pet City, the chain of out-of-town pet superstores that is seeking a listing on the Alternative Investment Market, has released its pathfinder prospectus showing it made a significant loss last year. The group recorded a £1.2m operating loss in the 59 weeks to July on sales of £45m. The stores lost £789,000 in the previous year and almost £900m in 1993. However, the company has released illustrative projections for the next four years projects a modest loss for 1996 followed by pre-tax profits of £1.3m in 1997. Profits are expected to reach £4.3m and £8.9m in the two years after that. The group says previous losses have been due to the fast expansion programme which has seen the group open 35 stores since its inception in 1989. It plans to open between 20 and 40 stores over the next four years and reach a total of 300 by 2003.

Retailers set sights on Poland

Poland is set to become the next target for Western European retailers, though UK stores groups are currently lagging behind their Continental rivals. Czechoslovakia has already proved popular for expansion and Hungary, Bulgaria and Romania are also considered promising areas for potential expansion. According to a new report by Corporate Intelligence, Poland's increasing economic and political stability is making it the focus of attention for a number of European stores groups, particularly in France and Germany.

Last week Tesco paid £8m for a 79 per cent stake in Savia, the Polish food retailing group. Savia has 36 stores in the southern part of the country. BP is opening a chain of petrol stations in Poland, which will have convenience stores attached. K Shoes, part of Clark's Shoes, has two stores in Warsaw and remains committed to the country despite relatively slow growth. Booker cash and carry group has a stake in the Polish supermarket group, Eurotrade.

Firms seek ACT solution

The UK's largest companies are demanding measures to solve the problem of surplus Advance Corporation Tax (ACT). According to a survey of 131 of the top 1,000 companies by Coopers & Lybrand, businesses are subsidising the government with long-term, interest-free loans totalling up to £4bn.

Climax in C&W power struggle

JAY VIOLETT
MARY FAGAN
Industrial Correspondent

The power struggle at Cable & Wireless will reach a climax today at hastily convened meetings between the group's directors that could result in the departure of the chief executive, James Ross. He is expected to go unless Lord Young of Graffham, the chairman, is ousted or reduced to a less influential, non-executive role.

The extraordinary developments follow months of speculation, culminating in a statement last week that Lord Young will stay as executive chairman until his 65th birthday

in February 1997. The announcement outraged Mr Ross, who is said to have approached non-executive directors weeks ago to say that he could no longer work with Lord Young. Cable & Wireless' executive directors will meet this morning with non-executives led by Win Bischoff, chairman of Schindlers, to demand an end to the chaos. There is a consensus that the executives will back Mr Ross, who will not attend the meeting. This afternoon the non-executive directors are expected to attempt alone to resolve the acrimonious dispute.

One senior executive said:

"Cable & Wireless needs un-

ambiguous, unequivocal and strong management. Starting from that base it is extremely difficult to imagine Lord Young and James Ross can co-exist."

He added: "If we have to turn on its head what was announced last week then we have got to be prepared to do that. The present position is unsustainable."

He went on to warn that there is a worry that unless something is done, the company will become vulnerable to takeover "for all the wrong reasons".

Those favouring Lord Young say that he has the support of the non-executives and that Mr Ross will be forced to knuckle under or quit. But there are con-

flicting views on the balance of opinion and, in particular, on whether Mr Ross has won backing from Ulrich Hartmann, the head of Veba, C&W's European partner, which has a 10.4 per cent stake in the group.

One insider said that Mr Ross is increasingly irritated by what he sees as Lord Young's interference with day-to-day running, and by deals he has struck, which Mr Ross considers outside the main thrust of the group. The chief executive's drive is to build a tripartite structure based on Asia, the US – where C&W is in negotiations with Nynex – and on Europe.

But there is also a view that

Cable & Wireless needs Lord Young's ability to open doors. According to a former C&W employee: "David Young is an affable wheeler-dealer while James Ross is a scientific manager with no strategic vision – a steady tailor for the 1990s." He added that Linus Cheung, the executive director in charge of C&W's all-important Hong Kong Telecom arm, would be in favour of any solution that gave him more autonomy. "He complained at one point that he had to get permission from London to go to the bathroom," he said.

A key problem for Mr Bischoff is that, should the battle end in Mr Ross's departure,

there is no obvious successor within the group. Duncan Lewis, who in September resigned abruptly as chief executive of C&W's Mercury Communications subsidiary after only nine months in the job, was seen as a natural successor. Ironically, Mr Lewis left because he did not see eye-to-eye with the man he was apparently destined to succeed.

Insiders say the dark horse is Rod Olsen, the C&W finance director, who is highly respected. But one said that Mr Lewis, who is credited with rapidly turning around Mercury's fortunes, could be recalled – he has yet to take up another post.

Eggar demands action by Recs over competition

JAY VIOLETT
MARY FAGAN
Industrial Correspondent

A row has erupted between the Government and the electricity industry over the planned introduction of competition in the domestic market in 1998. Tim Eggar, Minister for Industry and Energy, has written to the 12 regional firms accusing them of failing to prepare the ground for the change, and warning that he will not delay the starting date.

Industry sources say that in a letter from the Department of Trade and Industry sent to the 12 regional chairmen within the last few weeks, Mr Eggar demanded urgent action on competition, led by the companies' top management. A Whitehall source said that the minister has been angered by suggestions from some firms that competition should be shelved.

The source said: "He is not prepared to be presented with a claim that it is all too difficult and needs to be deferred to a later date. The companies keep coming up with problems, but no solutions".

He added that Mr Eggar was outraged by the view among some in the industry that introducing competition – which was envisaged when the companies were privatised – remains a matter for the Government. Mr Eggar is also known to be frustrated at resistance in the industry to pilot projects to advance full competition, along the lines of those planned in gas supply from April next year. He is in favour of two or three substantial pilots but, although the idea has also been floated by the industry watchdog, Professor Stephen Littlechild, no plans have been put in place.

The electricity industry is already in bitter dispute over who should pay for the new computer systems – estimated to cost up to £200 million. Homes. But the Government is thought to have made it clear that there should be no undue costs for consumers caused by wrangling and foot-dragging within the sector.

Professor Littlechild, who is overseeing the 1998 plans, is expected shortly to publish his views on how the costs of in-

troducing competition should be borne. But he is unlikely to meet demands from the regional firms that costs should be passed on to consumers as soon as they arise, rather than when the benefits of competition have been realised.

There is speculation that the bids – National Power's for Southern Electric and PowerGen's for Midlands Electricity – could become the first to be referred because of the resulting concentration of power in the industry. Were this to happen, some industry sources believe that the two regional firms might decide to merge instead, rather than be swooped on by US or European predators while the MMC carries out its investigation.

Mergers Commission. Ian Lang, President of the Board of Trade, could announce his conclusion today.

Swalec met Welsh Water last Friday but there was no clarification on whether there would be any bid or on a potential price. Welsh Water claims that it cannot value Swalec until it forms an idea of the worth of the National Grid Company, which is owned by the 12 regional firms and is due for flotation on 11 December. Grey-market dealings in the Grid begin later this week.

Separately, Welsh Water is believed to be preparing to mount a bid for South Wales Electricity at more than £11 per share, valuing the company at over £1bn.

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By contrast when there was a fall in unemployment of similar size in 1987-88, real average earnings rose by 2.5 to 3 per cent a year. However, it cautions that part-time working has increased and unemployment among men is still close to 10 per cent, according to the Labour Force Survey.

The most striking aspect of the economy at the moment is that the rate of wage increases has been so subdued despite the sharp fall in unemployment. Real average earnings, it says, are likely to fall by 0.5 per cent in 1995.

Growth in the economy is expected to slow to 2.4 per cent, with growth in domestic demand led by consumer spending and fixed investment. Unemployment will drop by 300,000 next year, partly because of the introduction of the jobseeker's allowance and the eventual impact of the new incapacity benefit.

The institute expects the Government to miss its inflation target of 2.5 per cent or less next year. It forecasts that underlying inflation – which excludes mortgage interest payments – will run at about 3 per cent at the end of 1996.

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Fight over role of Cadbury 2

PETER RODGERS and NIC CICUTI

The Stock Exchange and CBI have mounted a campaign to keep as narrow as possible the terms of reference of the successor to the Cadbury committee on corporate governance.

The two organisations are both reluctant to see a reopening of major issues affecting the boardroom, following a series of high-profile inquiries culminating in the Greenbury Committee on top pay.

The chairman of the second-stage Cadbury committee, Sir Ronald Hampel, is to be confirmed shortly, following completion of members with a nomination to represent the CBI.

Foot-dragging by the employers' organisation had been blamed for a long delay in setting up the committee, but it now appears that the committee's remit has been an equally contentious issue.

Adair Turner, the CBI director general, complained recently about "corporate governance fatigue" in the boardroom and called on the new committee to look at ways of easing the burden of compliance for smaller companies.

The Stock Exchange, which is participating in the new committee as an observer, said companies had been dealing with a wide range of corporate governance issues recently and it was important to ensure they were not overburdened. There has been a mounting rear-guard action against some of the recent changes in corporate governance, especially those put forward by Greenbury, which are to be implemented mainly

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Gavin Davies



GAVYN DAVIES

"Whenever it comes, EMU now seems certain to involve much tougher controls over budgetary policy than any British government, certainly any Tory government, could accept."

France opens its arms to Waigel's tough plan

*O*n a visit last week to some of America's largest international investors, I was struck by two strong themes about the European economy that kept on cropping up. First, US equity investors are quite fearful that a new contraction may be hitting Europe. This reportedly started in mid-year, has intensified in the current quarter, and now applies as much in the UK as it does on the Continent.

Second, most Americans blame these developments on attempts by certain economies to tighten fiscal or monetary policy in order to prepare for monetary union (EMU). This line has been strengthened by recent calls from Germany for new and permanent fiscal controls to be put in place after EMU – an area that was left opaque by the Maastricht Treaty. Proposals for these new budget controls have gone surprisingly unnoticed so far in the UK. But they will certainly prove explosive when the anti-EMU camp begins to focus on them – not least because they are seemingly being imposed by a side agreement between Germany and France, with virtually no reference so far to the rest of the European Union.

Let us start with the talk of "recession". There can no longer be much doubt that European activity has weakened markedly in recent months, particularly in the manufacturing sector. Much of this seems to be due to a rather belated, but now quite sharp, downward adjustment in stock levels, and there are no signs this is abating. Figures out last week showed the biggest monthly drop in EU order books this year, with a further build-up in unwanted stock levels.

There were huge drops in order books in both France and Germany last month, and the UK now seems to be getting sucked into this Europe-wide phenomenon. Price inflation pressures in the manufacturing sectors throughout Europe are dropping precipi-

tously. Even if we are only seeing a temporary inventory correction that will blow over next year, it certainly should, and almost certainly will, force a co-ordinated cut in European interest rates fairly soon.

It is far from clear, though, that this setback in activity should be blamed mainly on the EMU process. The accusation here is that attempts to comply with the budgetary targets of the Maastricht Treaty are leading to contractionary fiscal policies in the EU, while attempts to stabilise currencies against the German mark are leading to contractionary interest rate policies as well. But in most EU countries, including Italy and the UK, this argument does not seem to stand up. Fiscal corrections would have been necessary in many countries after 1992, regardless of the Maastricht criteria, and monetary policy outside the core exchange rate mechanism has been completely uncorrelated with that since it. Furthermore, the drop in output growth this year has been a world-wide phenomenon, not one confined to the EU.

But one country where the EMU argument does stand up is France. Until last month, the Chirac/Juppé administration had been making unconvincing attempts to tighten budgetary policy, while also appearing equivocal at times about its commitment to exchange rate stability. As a result of the confused message this sent to the markets, the risk premium on French interest rates rose significantly, adding to the dangerous contractionary forces already on the loose in the economy. In short, France was getting the worst of all worlds.

Clearly this could not go on. The watershed came in a summit last month between Chancellor Kohl and President Chirac that has resulted in a new resolve from both sides to give the EMU project a gigantic new push. Since then, the Germans (who have their own reasons, connected to the competitiveness

of German industry, for wanting to shore up the French franc) have returned to their previous posture of full and unbending support for the French.

And, following the Juppé government's budget proposals, finalised last week, the fiscal stance in France will be decisively tightened by around 1 per cent of GDP in both 1996 and 1997. This will allow the budget deficit to come down to the Maastricht limit (3 per cent of GDP), assuming that real GDP growth is around 2.5-3 per cent per annum in the next two years. Furthermore, it should allow real interest rates in France to fall precipitously, especially if the Bundesbank helps by simultaneously cutting rates.

So the French and Germans seem to have renewed their determination to get to full EMU by 1999. The main threat in this resolve would be a recession in Europe next

year, since this would throw the French budget plans into renewed disarray. In the context of much lower GDP growth, France would need to introduce even tougher budget measures to hit the Maastricht targets, and that would almost certainly be too much to ask. In fact, should a recession intervene, the EMU project would get postponed for at least a couple of years. So the only assured route to EMU in 1999 is the route of economic growth, and that requires lower interest rates soon.

But whenever it comes, EMU now seems certain to involve much tougher controls over budgetary policy than any British government, certainly any Tory government, could accept. In order to placate the German electorate, the Finance Minister, Theo Waigel, has proposed a new "stability pact" that all full members of EMU would be required to

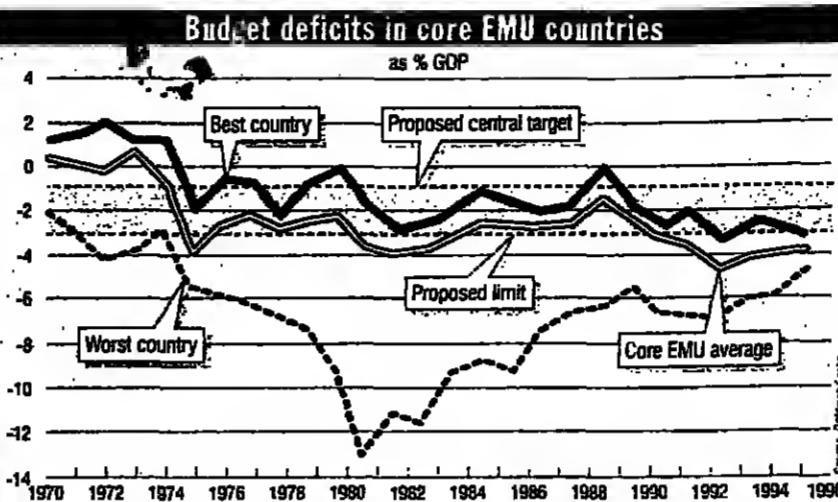
sign. This pact would set a budget deficit target of 1 per cent of GDP for all countries, with an upper limit of 3 per cent of GDP for the budget deficit during recessions.

Countries that exceed the limit would be fined 0.25 per cent of their GDP for every 1 per cent of GDP by which they miss the limit, and this would be recoverable only if the budget excess were eliminated within two years. If the UK were already a member of such a pact, we would now be preparing to pay Brussels a fine of £2bn for this year's budget overshoot – a figure that would certainly get the attention of Bill Cash, among others.

Actually, the principle of a supra-national agreement to limit budget deficits is a very good one. Because of spill-over effects, one country's budget deficit is another's rise in the global real interest rate. But the Waigel proposal looks much too restrictive. The 1 per cent central target for the budget deficit is much lower than the figure required to stabilise the public debt/GDP ratio in the EMU bloc (2.5 per cent would be enough to do that), and it would require yet another fiscal retrenchment in the early years of EMU.

Furthermore, since individual members of the EMU could no longer respond in recessions by reducing interest rates in their own economies, they might want to ease the fiscal stance by more than they have typically done in the past. Yet, as the graph shows, the 3 per cent Waigel limit on budget deficits would have been triggered by at least one of the likely core EMU members in virtually every year in the past 20. Fines would be an everyday event under the Waigel plan.

Nevertheless, the French have welcomed the Waigel proposal with the alacrity of a foreign legionnaire receiving his first Gauloise after a year lost in the desert. This only goes to show how keen the Chirac government now is to get the EMU deal done.



UUNet's search for a British partner is good news in a rapidly expanding market

A Net darling with global plans



Net prophet: John Sidmore, chief executive of Internet operator UUNet Technologies, sees 1996 as the 'year of the European growth spurt'

The Internet craze has already made millionaires, even a few billionaires, some of them overnight. Investors, particularly in the US, have snapped up shares in small Internet service companies with near-inexhaustible gusto, driving prices sky-high and sending price/earnings multiples into the stratosphere.

One of the current darlings, UUNet Technologies, was listed this summer, pitched at just \$14 a share. By late last week, the shares had breached the \$90 (£57) mark. That was good news for the shareholders of Unipalm, the UK Internet company that UUNet is proposing to buy. The all-share offer was worth about 450p when it was unveiled last month.

By Friday, on the back of the recent rapid rise in UUNet shares in New York, Unipalm

was trading at 865p, and the offer had received acceptances from more than 90 per cent of Unipalm's shareholders.

Visiting London recently, John Sidmore, UUNet's chief executive, looked relaxed and confident – remarkably so for a man trying to run a very young company in a fast-changing, highly competitive sector. "It's not difficult to grow in this environment," he said. "Until very recently, we didn't have to make any sales calls; we were just hiring people as fast as we could just to make sure the phones were being answered."

UUNet's core market is business, where the advantages of easy, secure access to the Internet are increasingly apparent.

The company offers a comprehensive range of access options, applications and consulting services, not only directly to business but to other online service providers such as Bill Gates' Microsoft, with which it has a strategic alliance to help roll out the Microsoft

Internet. Microsoft also has a 15 per cent stake in UUNet, and relies on the smaller company to develop and operate a "large-scale, high-speed" network for MSN users.

Formed in 1987 by computer whiz Richard Adams, UUNet has signed up 4,000 business customers, and had revenues in 1994 of \$12m (£7.5m) generating losses of \$6.9m. Analysts suggest that the company could be in operating profit by next year. Mr Adams' stake is worth nearly \$430m, while Mr Sidmore has to settle for a mere \$110m.

As pleased as shareholders appear to be with the company and its management, there are some potential trouble spots ahead. No one is sure what degree the Internet will blossom by next year. Mr Adams' stake is worth nearly \$430m, while Mr Sidmore has to settle for a mere \$110m.

Some easy conclusions can be drawn. For one, the tobacco industry, for all the battering it has been taking of late, is still a power to be reckoned with. For another, in this country certainly, lawyers are on the up escalator in the news business while journalists appear to be riding down, taking the First Amendment of the American Constitution with them. Another is less certain, but perhaps more worrying still. As industrial combines gradually become the masters of all media outlets – remember that NBC, the other network, is already controlled by General Electric – so corporate concerns of profit and protection against risk take over from journalistic principles.

This is the fear expressed by Frank Rich of the *New York Times*. "If this is how cautiously ABC and CBS are behaving before they are swallowed by Disney and Westinghouse, what will happen to these networks' news divisions after the sales are completed and they are owned by even larger corporate behemoths? If bottomless corporate coffers can buy off elected officials and scare off news organisations as huge as CBS, who will defend the public interest?"

No wonder Mr Rather seemed to be looking at his omelette askance.

David Usborne

Mr Sidmore said. It is a crucial requirement not only to protect copyright and proprietary information but also to permit service providers to charge for their products. The room for fraud remains huge.

THE MONDAY INTERVIEW

JOHN SIDMORE

"People kept asking: 'Why would you do this? Why would you work for this small company?' I took it as a challenge."

An economist by training, Mr Sidmore is a great believer in the Internet and its future. The growth of the market has been accelerating recently," he said. "It's analogous to the growth of the PC market in the 1980s."

Mr Sidmore expects growth in Europe to accelerate particularly quickly, and reckons the UK is roughly 18 months behind the US in the Internet development curve. On that reading, he said, "1996 is the year of the European growth spurt".

International growth is a clear priority. The company is planning to spend \$65m in the US and Canada this year, taking the number of cities served to 150. Therefore, Mr Sidmore said, "we are looking at going out into the world."

In each case, the company will seek partners. "It could be in the form of major contracts, an equity interest or even acquisitions, as we have done with Unipalm." Unipalm, the UK-listed service provider, is UUNet's chosen vehicle for expansion in Europe. "Of all the companies we looked at, Unipalm and we have the most similar structure and strategy. It is a very good fit."

Are there any differences between the way the two companies work? Just one, Mr Sidmore admitted. "The staff in the UK tend to dress better." Matthew Horsman

The acceleration in growth is analogous to PCs in the 80s

Getting

skilled help in a fast-growing business is hard enough as it is. "Techno nerds" are part of the deal. Mr Sidmore is more a suit and tie man. Formerly a marketing and sales manager at GE's information services division, he left to run Intelligent Solutions, a telecommunications software company, in 1989. The company was bought by Computer Sciences Corporation in 1991, but Mr Sidmore stayed as president. Venture capitalists backing UUNet approached him last year to put the company on a more commercial footing.

Are there any differences between the way the two companies work? Just one, Mr Sidmore admitted. "The staff in the UK tend to dress better."

Matthew Horsman

Where there's smoke there's pressure

We are ensconced in one of our favourite luncheonette eateries in Manhattan this weekend when a man with a worried look settles in a booth just a couple away from our own. He talks in grumbling tones to his companion, rarely lifting his eyes from the table. He is Dan Rather, the veteran newsreader at CBS.

Of course, it may be the grey weather that is weighing on Mr Rather's mood. It is a good bet, however, that he is pondering work matters – the pending takeover of CBS by Westinghouse Corporation, or perhaps last week's brouhaha over revelations of self-censorship at *60 Minutes*, his network's flagship current affairs show. Or, indeed, a combination of both.

What happened at *60 Minutes*, a Sunday-night fixture, rattled the rafters not just of CBS but of the whole industry. Under pressure from network lawyers, the producers emasculated a planned story on efforts by the tobacco industry to suppress the results of its own research into nicotine and cancer by yanking an interview with a former employee of a large tobacco company – Brown & Williamson, a subsidiary of British American Tobacco – for fear that it would provoke a multi-billion-dollar lawsuit.

The legal department at CBS was especially concerned that the interviewee had signed a

confidentiality agreement with B&W on leaving the company and was in effect being invited to breach it on air.

In theory, B&W could have accused CBS of so-called "tortious interference" and hit it with a very hefty lawsuit indeed. In the mid-1980s, Texaco was sued for tortious interference for trying to break up the merger of the Pennzoil Company and Getty Oil and was forced to pay \$10.5bn in damages. The episode pushed Texaco into bankruptcy protection in 1987. CBS evidently took fright.

But the journalistic uproar was instant. It did not help that this was *60 Minutes*, the very bastion of no-fear, no-favour television journalism. It also tweaked unusually raw nerves because it was the tobacco industry that was involved. While from some angles the cigarette-makers seem to be on the run from journalists and the US government – the Food and Drug Administration is considering classifying tobacco as an addictive drug – they still wield awesome power. Power to sway politicians – the industry is the biggest contributor to the Republican Party – and also to cow television networks.

Editorialists, columnists and commentators expounded widely on the crisis of the corrosion of free expression in the

Fear of the tobacco industry has led the mighty CBS network to censor itself

press. "This act of self-censorship by the country's most powerful and aggressive television news programme sends a chilling message to journalists investigating industry practices everywhere," boomed the *New York Times*. Among journalists at CBS who joined in the chorus was Mr Rather, who argued that whatever the cost to his employer of a lawsuit from

the tobacco factor. Cynics might wonder at the coincidence of timing between the broadcast date of the show in question on 12 November and the meeting of CBS shareholders that was scheduled for just four days later to approve Westinghouse's \$5.4bn takeover offer for the network. That CBS managers were unwilling to risk a big lawsuit at the very moment when the Westinghouse takeover was so close to consummation, especially when you consider that many among them stand to make huge profits from the buyout.

The scenario is more convincing still if you know of a similar saga that recently beset CBS's rival, ABC. A year and a half ago, Philip Morris, home of the Marlboro Man, walloped ABC with a \$10bn suit – the biggest libel action in history – after one of its current affairs programmes, *Day One*, which has been sued, alleged that the company had been deliberately spiking its cigarettes with nicotine to raise addiction levels among its smokers. ABC did nothing for 18 months, until, lo and behold, in August this year it settled out of court, paying Morris a reported \$15m to cover legal fees. And what else happened to ABC at about that time? It, like CBS, also pro-

posed climbing into someone else's bed – Walt Disney's. Some easy conclusions can be drawn. For one, the tobacco industry, for all the battering it has been taking of late, is still a power to be reckoned with. For another, in this country certainly, lawyers are on the up escalator in the news business while journalists appear to be riding down, taking the First Amendment of the American Constitution with them. Another is less certain, but perhaps more worrying still. As industrial combines gradually become the masters of all media outlets – remember that NBC, the other network, is already controlled by General Electric – so corporate concerns of profit and protection against risk take over from journalistic principles.

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Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health

Then there is the Westinghouse

David Usborne

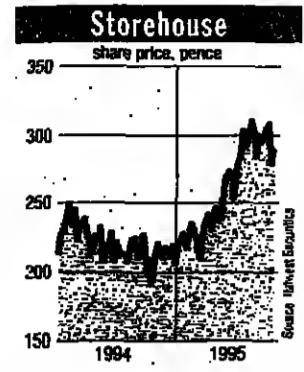
business

TODAY

Companies

Emap is set to increase pre-tax profits by 49 per cent to £33.1m, with a 48 per cent rise in earnings per share to 17.7p. Forecast increase in interim dividend of 36 per cent to 3.4p. Emap's organic growth was helped by several acquisitions and the shares have outperformed the market by 6 per cent over the last three months.

South Staffordshire Water



profits are expected to rise 9 per cent to £7.8m. Diploma defies dramatic falls in the rest of the electronic components sector with profits down marginally from £8.6m to £8.3m.

Finals: ABI Leisure.

Interims: Filofax Group, Applied Holographics, Capitol Group, James Cropper, DBS Management, Needler Group (Q3).

Annual meetings: Hays, Ecu Trust, John Haggas, EGMS, Cordiant, Molyneux Estates.

Economics

The initial estimate for GDP growth in the third quarter is not expected to be revised in figures released today. Attention will focus on the contributions of different categories of expenditure - especially stockbuilding. If the excess stock levels built up during the second quarter were not run down very much in the third, it will be a pointer to further weakness in the economy. Statistics: The provisional es-

timate of M4, the broad money measure, in October is likely to show a growth rate higher than the previous month's 8.2 per cent. Manufacturers and retailers have continued to borrow while stocks are run down. Hanson's payments for Eastern Electricity are likely to have boosted M4 growth.

Building societies' monthly figures and the major British banking groups' monthly statements are also out.

TOMORROW

Companies

Thurn & Taxis' pre-tax profit is forecast to rise by 27 per cent to £177m on the back of improved earnings from music, rentals and the Japanese subsidiary TOEMI. This will lead to a 17 per cent growth in eps and a 7 per cent rise in the interim dividend. The company

is pulling out all the stops for next year's expected demerger, not least with the series of new albums from The Beatles.

Vodafone should grow profits by 10 per cent to £205m, held back by overseas losses and higher bonus payments to subscribers.

Finals: Amber Industrial Holdings, Anglo Irish Bank, McLeod Russel Holdings

Interims: Sketchley, Northern Foods, De La Rue, Walt Disney (Q3), Baring Stratton, CML Microsystems, Faupel Trading, Hewitson, Kalamazoo Computer, Lowndes Lambert Group, Meyer International, Readicut International, RIT Capital Partners.

Annual meetings: Lucas Industries, Biocure Holdings, Blackwood Dodge, Coles Myer, Hi-Tec Sports, Pall Corporation.

EGMs: Philippine Longdistance Telephone. The TV arm is the biggest contributor and rental continues to be a powerful cash generator.

Economics The balance of trade with countries outside the EU in October is forecast by Deutsche Morgan Grenfell to be about the same as September's £696m deficit. September saw a big improvement from a shock £980m gap in August, due to a recovery in exports to the US, and this should have been sustained. Further details are also due today on capital expenditures and stockbuilding in the third quarter.

erator. The Sutcliffe subsidiary should reveal a double-digit margin, while the motorway services division is still outperforming the opposition.

Finals: ANZ, Ferraris Group, OEM.

Interims: Courtalabs, FKL, Kewill Systems, Symonds Engineering and Wagon Indus-

tries.

cas industries, John Mainwaring, Chemists.

THURSDAY

Companies

North West Water has had a tough couple of months through the Norweb bid and these results will provide it with an opportunity to refute its critics.

Profits are expected to rise by 6 per cent to £160m and the dividend by 11 per cent to 9p.

Storehouse has proved able to protect its bottom line and enhance margins despite disappointment on sales. Profits should rise by 24 per cent to £30m and the dividend by 7 per cent to 2.9p per share.

Finals: On Demand Information.

Interims: Babcock International, Powell Duffryn, Bogod Group, Brockhampton Holdings, Caledonia Investment, Thomas Locker, Macdonald Martin Distilleries, Tex Holdings, TLG.

Annual meetings: Galliford, Tay Homes.

EGMs: Inveresk, Pochin's.

Source: NatWest Securities, Deutsche Morgan Grenfell.

FRIDAY

Economics

The CBI's monthly trends survey for November will be the last evidence on the state of the economy before next week's Budget. Recent surveys have shown activity in manufacturing to be subdued.

Engineering turnover and orders (September) will also be released.

Finals: SEC Group.

Interims: Cambridge Water, Dart Group, Grampian Television, London Clubs, Osborne & Little, Radstone Technology, Stoddard Sekers Int.

Annual meetings: Galliford, Tay Homes.

EGMs: Inveresk, Pochin's.

Source: NatWest Securities, Deutsche Morgan Grenfell.

SHARE PRICE DATA

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/cashflow (PE) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: ex Rights x Dividend; a Ex-Dividend; u United Securities Market;

* Suspended; ** Party Paid; p No Paid Share.

Source: Firstcall.

THE INDEPENDENT INDEX

The Index allows you to access real-time share prices by phone from Seqq. Simply dial 0891 123 335, then add the unique 4-digit code printed next to each share. To access the latest financial data dial 0891 1233 followed by one of the two-digit codes below.

FTSE 100 - Real-time 80 Sterling Rates 94 Privatisation Issues 36

UK Stock Market Report 81 Bullion Report 85 Water Shares 39

UK Company News 82 WSI St Report 20 Electricity Shares 40

Foreign Exchange 83 Tokyo Market 21 High Street Banks 41

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Calls cost 30p per minute (cheap rate), and 40p at all other times. Call charges include VAT.

INTEREST RATES

UK	6.75%	Germany	3.50%	US	8.75%	Japan	5.05%
France	6.50%	Lombard	5.50%	Prime	5.25%	Belgium	
Switzerland	5.00%	Credit Suisse	5.04%	Discount	5.04%	Discount	3.50%
Ireland	9.00%	Prudential	7.75%	Prime	5.94%	Central	4.00%
Netherlands	3.70%	Denmark	3.16%	10-Day Repo	9.25%	Switzerland	2.00%
		Discount	4.75%	Repo (Ave)	8.91%	Lombard	4.125%

OIL EXPLORATION

LEISURE & HOTELS

INVESTMENT COMPANIES

INTERNATIONALS

OIL INTEGRATED

OTHER FINANCIAL

SHARP

TELECOMMUNICATIONS

RETAILERS, FOOD

TEXTILES & APPAREL

PHARMACEUTICALS

RATELIERS, GENERAL

PRINTING & PAPER

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No place like home for Becker

Tennis

Boris Becker won the ATP Tour World Championship for the third time after a 7-6, 6-0, 7-6 victory over the American Michael Chang in Frankfurt yesterday.

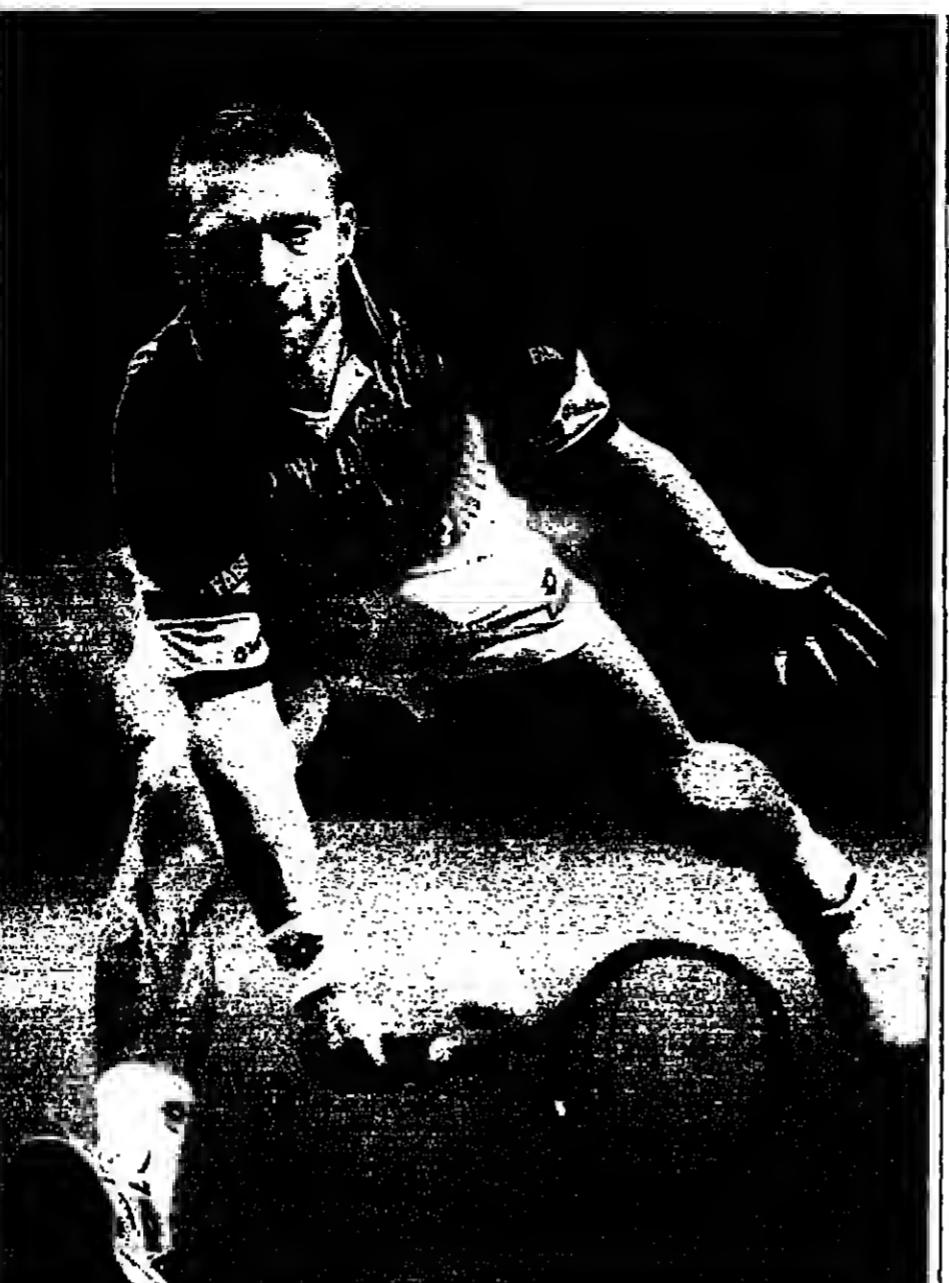
The Festhalle arena, just a short drive from his home town of Leimen, has become Becker's favourite indoor court. The capacity 9,000 crowd, which included Becker's parents and wife Barbara, roared on every shot from the German.

"You're the best fans I have in Germany, I mean that," Becker told the crowd. "It was tough getting back to take the first set but I played on another plane for half an hour in the second and then came back again."

Chang said: "Boris served unbelievably today. I have never seen anybody serve like that. But it has still been a great week for me."

After starting well Chang had upset the American world No 1, Pete Sampras, in Saturday's semi-finals, could not live with Becker's power.

The American ran hard for every point but it was not enough to stop Becker establishing one of the best records in the championship which replaced the New York-based Masters in 1990.



Boris Becker on his way to victory over Michael Chang yesterday Photograph: Reuter

Becker won the event in 1988 and 1992 and this triumph put him level with Ivan Lendl, Ilie Nastase and John McEnroe, the only other players who have won the event three or more times.

It also marked Becker's first triumph at a major event since he won here in 1992. The championship is regarded as the most important title apart from the four Grand Slams. The win also earned him \$1.2m (£800,000), and he replaces Chang as No 4 in the world.

The American started well when he broke Becker's serve in the second game. But once Becker battled back to take the first set with a 7-3 victory in the tie-break, Chang rarely threatened. Becker won the second set 6-0 and although the third set was tight, Becker produced his best under pressure, finishing off the match with an ace after two hours and 16 minutes.

■ Tim Henman, the British No 2, maintained his rise up the world rankings by clinching a third title in four weeks with victory at the ATP Challenger event on Reunion Island, Mauritius, yesterday. The 21-year-old from Oxford overcame a poor start to beat Germany's Patrick Baum 6-1, 6-3, 7-6 in the final, adding to his wins at the Challenger in Seoul and the Nationals in Telford.

Taylor in command for Australia

Cricket

Australia 267 and 306
Pakistan 198 and 15-0

A patient century by Australia's captain and opener, Mark Taylor, set Pakistan a daunting target yesterday to win the second Test in Hobart. Taylor, anchored his side's second innings with a defiant 123 to leave the tourists needing to score 376 in their second innings to level the three-Test series.

But Australia will be weakened in their push for victory by the absence of their leg spinner, Shane Warne, who broke a toe on Friday.

Pakistan were 15 without loss at the close of play on the third day, still needing another 361

runs left after dismissing Australia for 306 in their second innings. Only two sides – India in 1975-76 and Australia in 1948 – have ever scored more than 376 runs in the fourth innings to win a test.

Taylor, who began the day on 42, faced 244 balls and hit 13 fours during a stay at the crease that lasted six minutes short of six hours. It was his 14th Test century. He was eventually dismissed after tea by a superb yorker from Waqar Younis.

Pakistan, survived nine tense overs before the close during which time they lost their opener, Aamir Sohail, who retired hurt without scoring. Sohail left the field after facing just six balls when he was hit on the hip by a short ball from Craig McDermott.

Pakistan were 15 without loss at the close of play on the third day, still needing another 361

RUGBY UNION RESULTS

Save and Prosper International
England 14 South Africa 24
(at Twickenham)

International Matches
France 12 New Zealand 37
(at Paris) France 48
(at Lansdowne Road)
Scotland 15 Western Samoa 15
(at Murrayfield)

CIS Divisional Championship
Midlands 36 London 34
(Worthington)
Scotland 15 North 38
(Bridgwater)

CIS County Championship Northern Group
Durham 29 Cumbria 14
(Gateshead Field)
Northumbria 26-24 Cheshire 22
(at Newcastle)

Lancashire 20 Yorkshire 14
(at Wetherby)

Midlands Group
Leicester 6 Warwickshire 37
(at System)

UNDER-TWENTY CHAMPIONSHIP Northants Group: Durham 29 Cumbria 22 (at Ryton). Lancashire 30 Yorkshire 33 (at Wetherby). Postponed: Northumbria v Cheshire; Shropshire v Gloucestershire; Shropshire v Eastern Counties; 13 Middlesex 24 (at Buntingford); Hampshire 24 (at Westcombe Park); Post Two; Worcester 31 Army 12 (at Old Sarum); Herefordshire 28 Sussex 10 (at Chichester).

Holmeakian Welsh League

First Division

Aberystwyth 20 Aberconwy 11
Bridgend 33 Treorchy 17

Neath 18 Swansea 11

Newbridge 22 Cardiff 20 Vale 22

Neathport 31 Llantwit Major 18

Pontypridd 19 P D W F A 18

Pontypridd 10 9 0 2 1 3 1 3 1 4 3 3 1 1 27

Llanelli 9 8 0 2 3 2 7 8 1 4 4 3 2 1 26

Bridgend 10 9 0 2 5 2 6 2 0 3 5 1 1 22

Neath 9 8 0 2 2 2 7 1 0 3 2 1 1 22

Neathport 10 9 0 2 2 2 7 1 0 3 2 1 1 22

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FOOTBALL: Premiership pace setters exploit leadership qualities and show determination to gain reward even when not playing well

Newcastle learning the lesson of resilience

It is not just the roads that need grit at this time of year. Football teams, especially those with championship pretensions, also need protection against the onset of winter.

Although improved pitch maintenance means it is no longer the season of clogged boots and clogging defenders, the arrival of Jack Frost on the dug-out roof still signals a new stage in the league campaign.

By now, the title contenders have begun to emerge and opponents look to raise their game, often by dint of elbow grease, sometimes applied literally. Meanwhile, with the weather less conducive to ball skills, some of the artists who had been so prominent on balmy autumn afternoons disappear from view.

It was at this stage last season that Newcastle began to falter. A year ago this weekend, they lost at Wimbledon and surrendered the Premiership lead. They never regained it and eventually failed even to qualify for Europe.

Everton's mavericks do the trick

PHIL SHAW

Liverpool 1
Everton 2

The summer of spend, spend, spend has given way to an autumn of pass, pass, pass at Anfield. If the 135th League derby on Merseyside proved anything, it was that excess does not necessarily equate with success.

Whereas Liverpool stuck slavishly to a principle, like a high-powered version of Brian Clough's doomed Nottingham Forest of three years ago, Everton had a plan. Content to let Roy Evans's side weave interminable triangles in front of their massed ranks, Joe Royle's team simply waited for a mistake and struck on the break.

To make it work they relied on a quality which Liverpool, in the absence of Stan Collymore, do not possess: blistering pace. Fielding both Andrei Kanchelskis and Anders Limpar, thrilling if essentially maverick wingers, might have been deemed a risky strategy. Instead, they showed the home defence a clean pair of Achilles heels.

Patience is a virtue until it blurs into the over-elaboration with which Liverpool frustrated even a crowd steeped in the possession game. Ian Rush was not alone in yearning for the odd long ball afterwards. There are, however, other reasons why they have lost their last three games and beaten only Manchester City (twice) in the six home matches since late September.

Not only are one or two players, among them Rush and John Barnes, approaching or even past their sell-by date, but their system is failing them. One of the three central defenders, Phil Babb, is not disciplined enough to avoid being drawn out of position, a problem compounded by Steve Hartness's tendency to favour the attacking half of his wing-back role.

Paul Rideout thus had the freedom of the flank before crossing for Kanchelski to score his second-ever headed goal. The Russian international drove

another following a fine dribble and pass by his Swedish colleague, whose performance was otherwise remarkable for its economy. When his red-shirted equivalent, Steve McManaman, attempted a similar cross-field run, he was invariably crowded out.

McManaman seldom tried to go round the outside, and Liverpool eventually resorted to using Neil Ruddock in an attacking role older Evertonians refer to as "doing a Mick Lyons". Too late, there came a scrappy reply by Robbie Fowler, who had been selfless to a fault during early home ascendancy only to blow the best chance of an equaliser through greed.

The season could still bring Liverpool a trophy or two, yet after lavishing £13m on Collymore and Jason McAteer there was no doubt which one Evans had in mind. Calling the present run "a big blip", he added: "You can't afford these spells if you want to win the championship." That prospect has now receded still further, with Newcastle already 12 points ahead.

Everton, who began a resurgence by beating Liverpool in Royle's first game a year ago, should resist reading too much into a deserved win. Kanchelski's return gives them an extra dimension – as may Duncan Ferguson's – and prompted his manager to compare his ability to turn a big game with that of Les Ferdinand. This second successive victory owed as much to the biting tackles of John Ebbrell and Joe Parkinson in midfield.

After a bitter, barren derby in February, Evans took a sarcastic swipe at Goodison's "School of Soccer Science". On Saturday, weary of hearing his tongue-in-cheek "Dogs of War" remark turned back on Everton, Royle slipped in a wry aside about his "canines". Somewhere in between lies the truth. Dogs of Science, anyone?

Goals: Hargreaves (53), Keegan (61).

Goals: Fowler (1-2), McManaman (2-1), Kanchelski (2-2).

Goals: R. Lee (1-2), Keegan (2-1), Kanchelski (2-2).

Goals: Keegan (1-2), James Wright, Scales, Babb (pen), Hartness (2nd), McManaman, Hartness (2nd), Warner (2nd).

Goals: Keegan (1-2); Southgate, Jackson, Watson, Short, Hargreaves (2nd), Hart, Parker, Paterson, Edwards, Ebbrell, Limpar, Stuart, Babbott. Substitutes not used: Grant, Ampraka.

Referees: G Atfield (Worcester).

Attendance: 36,000.

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FOOTBALL: Middlesbrough's main attraction frozen out by Jones and Wimbledon but United's shows signs of imposing his talent

Juninho digs in quietly for winter

Wait until the weather turns, those bleak days of midwinter, then we will know about him: this was said not of Juninho but Osvaldo Ardiles, who was among those attracted to Selhurst Park by the brilliant young Brazilian princeling's presence.

No one knows better than Juninho's most significant predecessor that suspicion runs deep in the minds of English-bred professionals. As Steve Perryman recalls, Ardiles' test of character came many years ago on a bitterly cold, dreiching afternoon at Roker Park, Sunderland. "Ossie stood up so well in awful conditions that nobody ever doubted him again," he said.

Despite our love affair with Brazilian football and the exhilarating effect numerous imports have had, a perverse notion of fancy-dan foreigners persists. "He might be a very good player," said the Wimbledon manager, Joe Kinnear, who insisted that Juninho had not been earmarked for special attention during the goalless draw.

However, Kinnear, if understandably put out by the tired cliché of his team's alleged cynicism, is too wise a bird not to have accommodated the inference drawn from a fixture that brought cult brute, Vinnie Jones, and Juninho into conflict.

The putrid beast in Jones has never amounted to very much — any number of hard men from the past would have sorted him out quickly — but there is enough natural meanness in his nature to have raised the possibility of embarrassment.

When Jones did succumb to temptation, lunging in two-footed on the touchline, Juninho took the deft evasive action that helped him develop in leagues that are among the most violent in world football. As Ardiles stressed, that sort of experience does not make participation in English football the least bit intimidating.

In declaring that Juninho had been quiet by comparison with the standards he has confirmed since taking up an opportunity to play here, Bryan



KEN JONES
on Monday

Rohson referred to a sharp drop in temperature. "You have to take that into account," he said. "It's not easy for the lad, but he's got remarkable skills and I'm sure he will come to terms with our climate."

An important thing about Juninho is that awareness of simplicity you find in all outstanding footballers. There is not an ounce of self-indulgence in him. In common with most of his notable compatriots, he shares the realisation that football is above all a team game.

An impression on Saturday was that English referees are as foreign to the idea of players running the ball at defenders as the Wimbledon defenders, who went unpunished for illegal interference with Juninho's darting dribbles. "I don't know about that," Robson said discreetly, "but they are going to see a lot of it from this fella."

It was in Kinnear's mind that his team had done enough to overcome Middlesbrough's superior collective technique. "After the poor run we've had it was critical to get something out of this match," he said.

Robson could afford to be more sanguine. "My only disappointment today was that we didn't do enough to get behind the Wimbledon defence," he said. "But now we've got some big games coming up to excite the players and our supporters."

They could provide all the warmth Juninho is providing for the North Stand and step with reverential care on the ground that Robson, Best, Edwards and Co elevated to near consecrated status. That is just the Southampton team for you — tourists go there too.

Quite what the Saints were thinking of when this match started is known only to them, but certainly they gave very little.

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Quite what the Saints were thinking of when this match started is known only to them, but certainly they gave very little.



Firm challenge: Paul Gascoigne, of Rangers, battles for the ball with Celtic's Jackie McNamara at Ibrox yesterday

Photograph: Allsport

Giggs profits from fluid formation

GUY HODGSON

Manchester United
Southampton

tic indication that their undivided attention was on the job of denying the home team points. No easy games in the Premiership? United could not have looked more comfortable if they had taken the field in old jumpers and slippers.

It took only eight minutes for this match to be decided and that is the generous view. Some would put the time limit on the tension at 16 seconds, the time it took Ryan Giggs to give United the lead.

Dave Merrington, the Southampton manager, said he had spent time before the kick-off trying to relax his players, and such was his success he could put stress counsellors out of business.

United are currently employing a shape that is so fluid that it must be horrendous to identify, never mind counter.

The cost of the 4-3-2-1 formation is Giggs having to move inward from his flank, but while right-backs might be tiring players for that, centre-backs are

From the kick-off, a mistake gave the ball to Paul Scholes, who crossed to Eric Cantona, who in turn passed to Giggs. One crisp swing of the Welshman's left foot and it was 1-0.

Three minutes later, Richard Hall, who at least had the alibi of flu symptoms to set him apart from his comatose colleagues, passed straight to Giggs 35 yards out, who then drew David Beasant and chipped into the top of the net.

Scholes made it 3-0 after eight minutes and as David Beckham had crashed a shot against the bar in between the goals, you can imagine the state of Southampton. They were relaxed all right, relaxed as a pole-axed boxer.

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The cost of the 4-3-2-1 formation is Giggs having to move inward from his flank, but while right-backs might be tiring players for that, centre-backs are

abandonment of the offside law.

Which would add up to a potent brew if the swirling waves of red attacks were not frequently breaking up on the rock of Andy Cole's lack of confidence. Still, Ferguson must hope that Cole's 70th-minute header will instil in his 77th striker the arrogance and sureness of his Newcastle days. The fate of the championship probably rests on it.

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Coventry in debt to Dublin again

Queen's Park Rangers
Coventry City

Dion Dublin, the Coventry captain, yesterday headed his third goal in three games to ease his team's problems near the bottom of the Premiership.

With 15 minutes left the powerful striker, whose six-match absence with a knee injury earlier this season coincided with City's drop in form, answered Simon Barker's stunning first-half strike with a header.

Coventry have still won only one League match this season, but they ensured that Queen's Park Rangers also stayed among the strugglers by stretching the west London side's run to five games without a victory.

The player-manager, Ray Wilkins, furious over QPR's 2-0 defeat at Southampton a fortnight ago, ditched the sweeper system and recalled the striker Kevin Gallen.

But the mainspring of QPR's limited success this season, Trevor Sinclair, was strangely subdued. He was eventually replaced by Wilkins, who came on seconds before Dublin's equaliser.

QPR looked like holding on to their 37th-minute lead as their American goalkeeper, Jürgen Sommer, blocked efforts from John Salako and the Brazilian Isaias as Coventry tried to equalise.

But Dublin's header from Salako's deep cross left Sommer helpless and Steve Ogrizovic, playing his first Premiership game since breaking a leg in April, ensured Coventry kept their point by sticking out a long leg to deny Danny Dichio three minutes from time.

QPR's Park Rangers Sommer; Trevor Sinclair; Steve Ogrizovic; John Salako; Jürgen Sommer; Steve Barker; Dion Dublin; Isaias; Trevor Sinclair; Peter Crouch; Dion Dublin; Steve Ogrizovic; John Salako; Substitutes not used: P. Doherty, F. M. Williams.

Referee: M. J. Bowden (Lpool).

Leicester denied by Moore

Leicester City were yesterday denied a return to the top of the Endsliegh First Division by the Tranmere Rovers teenager Jon Moore. The 19-year-old scored the only goal at Filbert Street — his eighth goal of the season — after 66 minutes, picking up a pass from John Aldridge on the left and driving home from 15 yards.

The referee, Kevin Lynch, was at the centre of a late penalty controversy as Norwich City held on to beat Ipswich Town 2-1 at Carrow Road.

Ipswich looked set to take a point with three minutes remaining when Lynch pointed to the spot after Claus Thomsen went down under challenge from Ashley Ward. But as Town's veteran defender John Wark stepped up to take his second penalty in the space of five minutes, the referee had a change of heart after being persuaded to consult a linesman.

Norwich's defenders were adamant that Thomsen had dived and Lynch seemed to back up their claims by rewarding the home side a free-kick instead.

City, who moved up to joint fifth place in the table, went ahead after just eight minutes when the defender Jon Newson headed beyond Cremonese, but Riccardo Maspato's late penalty left Lazio banting to survive an anxious finale.

Internazionale's latest signing, Marco Branca, marked his debut by scoring the first goal in his side's 2-1 win against Udinese. Benito Carbone added a second before Giovanni Biasi's penalty narrowed the gap. Padova moved off the bottom of the table with their first win of the season, a 3-0 victory over Bari.

Lothar Matthäus returned to the Bayern Munich side after a long injury lay-off on Saturday, helping them to a 2-0 Bundesliga title to fifth in the table, just four points behind Parma and Milan, who remain locked together on 21 points and equal goal difference after 10 matches.

A disappointing defensive battle saw Parma's Hristo Stoichkov and Milan's Roberto Baggio both substituted in the second half, although the man of the match was Parma's 17-year-old goalkeeper, Gianluigi Buffon, who made an impressive debut.

Lazio's second goal, after struggling to a 2-1 victory over Cremonese at the Olympic stadium, Goals in each half from Dutchman Aron Winter and Pierluigi Casiraghi seem to put the match beyond Cremonese, but Riccardo Maspato's late penalty left Lazio banting to survive an anxious finale.

Juve's win was marred by clashes between rival fans before the match in which one suffered knife wounds; three visiting supporters and one policeman were also injured in crowd trouble after the match.

Del Piero struck in the 11th minute with a header off Angelo Di Livio's cross, lifting the Turin side to fifth in the table, just four points behind Parma and Milan, who remain locked together on 21 points and equal goal difference after 10 matches.

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Lazio's second goal, after strug-

England's women consolidate position

LIZ SEARL

England

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Croatia

0

England's women stormed through their second Group Three European Championship qualifying match yesterday, beating a poor Croatian side 5-0 at The Valley.

Croatia employed a back five to blunt the attacking foothold it feared from the home side, but a superb curving cross from Hope Powell after 22 minutes fell to Karen Farley at the far post, who headed into the net. Five minutes later, Debbie Bampton's 20-yard shot on goal was fumbled by Anica Ganz, the Croatian goalkeeper, and left Karen Walker with an easy finish.

Walker then leapt to meet

Powell's corner 10 minutes later to make it 3-0. Farley scored her second of the match with another accurate header just before the break, pushing past the Croatian defence.

He said. "But now we've got some big games coming up to excite the players and our supporters."

Given that he is a man for whom important doors open, you would be surprised if David Mellor, MP, radio presenter and Chelsea fan, were not privy to some Stamford Bridge's deeper secrets. Of course he is. Just wait until you see what's going to be the next manager, he chirped to one of his Six-Six callers two summers ago, keeping the secret. A couple of days later: enter Glenn Hoddle.

So what does he know now

that he isn't telling? "You have to say that on certain aspects of Glenn's record, the jury is out," Mellor said on Saturday night's show, more than once. This jury... is it, by any chance, known also as the Chelsea board?

To be fair to Hoddle, fortune was against him at Leeds. His well-organised defensive formation, in which the Romanian, Dan Petrescu, made his debut as a wing-back, frustrated the home side until 10 minutes from the end, only to lose to a goal some referrees might have

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Michael Duberry, recalled in

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Hoddle on the road to nowhere

JON CULLEY

Leeds United

1

Chelsea

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